Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din.0 650	Italy .... L 1200	S Arabia .. Rls 6.00
Belgium BFr.38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan .... Fils 500	Spain .... Pta 100
Cyprus .. Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. DKr.7.25	Lebanon .. £L 6.00	Sweden .. SKr 6.50
Egypt £E1.00	Luxembourg . LFr.38	Switzerland SFr 2.00
Finland .. Fmk 6.50	Malaysia .. Rm 4.25	Taiwan ... NT $85
France .. FFr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 180
Greece .... Dr 60	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Kr. 6.00	U.S.A $1.50
India .... Rup. 15	Philippines . Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,387 | Friday August 3 1984 | D 8523 B

The privatisation of Britain's warship yards, Page 8

NEWS SUMMARY

GENERAL

Hostages freed in French jet hijack

Hijackers holding a French airliner have released their hostages and surrendered after an explosion rocked the Boeing 737 parked on Tehran airport.

All passengers were reported safe, although the fate of the crew is not known. The hostages were led from the jet before the explosion, which destroyed the cockpit. The Air France jet was seized by the three hijackers on Tuesday during a flight from Frankfurt to Paris.

None of the hijackers' demands, including the release of five Iranians jailed in France for terrorism, were met.

Plaque to massacre

Los Angeles has unveiled a plaque to the "shining memory" of 11 Israeli athletes killed at the Munich Olympics 12 years ago.

Windsurfer held

A Frenchman is being held by Soviet security forces after windsurfing 45km (30 miles) from Japan to the Island of Sakhalin, a strategic base banned to foreigners.

Mondale's attack

Democratic presidential candidate Walter Mondale attacked President Ronald Reagan's handling of the Soviet proposal to hold talks on space weapons. **Page 4**

Honecker pressure

East European diplomats in East Berlin said Moscow had stepped up its pressure on East Germany's leader Herr Erich Honecker to cancel a planned visit to West Germany in September. **Page 2**

Sakharov honoured

A U.S. Senate committee has voted to rename the site of the Soviet embassy in Washington Andrei Sakharov Plaza in honour of the Soviet dissident.

Napalm victim treated

Kim Phuc, the Vietnamese girl whose picture as she fled in terror from a U.S. air raid shocked the world, has begun treatment in Ludwigshafen, West Germany, for 12-year-old napalm wounds.

Zimbabweans jailed

Six former guerrillas found guilty of attacking Zimbabwe Prime Minister Mr Robert Mugabe's house in 1982 have been sentenced to jail terms ranging from 12 to 25 years.

Subsidies halved

Irish Government is halving subsidies on bread, milk and butter because of the serious state of its finances.

Block to child claim

An Australian law that took effect this week will deny a Sydney man's claim to the paternity of a child whom a surrogate mother refused to give up.

Murder allegations

Six Argentine human rights groups have submitted to the Senate a list of 896 military officers they claim were involved in the disappearance of thousands of people under military rule.

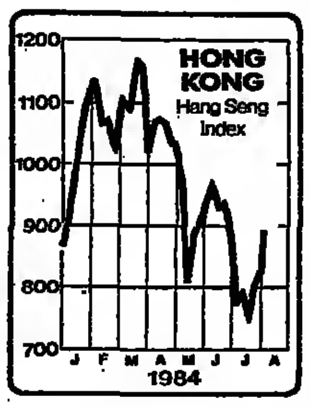
Spirit of protest

Thousands of Poles have pledged to refrain from drinking vodka this month as a protest against repression called by the church and banned Solidarity trade union. **Page 2**

BUSINESS

Wall St surges to close up 31.47

WALL STREET: Dow Jones industrial average surged to 1,186.08, up 31.47 points, the highest closing since May 10. Volume of stocks traded, the exchange's biggest one-day total yet was 174m against the record of 159.9m set last January 5. Nearly 1,460 shares advanced with only 255 declines. ***Full report, Section III***



HONG KONG shares soared in reaction to the British statement detailing progress in talks with China over the territory's future. The Hang Seng index gained 86.95 to 893.69, the local dollar improved, and leading banks later cut prime rates by 2 percentage points to 15 per cent. **Page 3; Market report, Page 21; Leading prices, Page 24; Currencies, Page 31**

DOLLAR weakened in London to DM 2.8965 (DM 2.9145), FFr 8.875 (FFr 8.9375), SwFr 2.45 (SwFr 2.462) and Y245.25 (Y245.4). On Bank of England figures, its trade-weighted index fell to 137.4 from 137.9. In New York it closed at DM 2.892, FFr 8.8725, SwFr 2.441 and Y244.5. **Page 31**

STERLING gained 90 points in London to $1.311. It also improved to SwFr 3.21 (SwFr 3.205) and Y321.0 (Y319.5), but was unchanged at DM 3.795 and fell to FFr 11.63 (FFr 11.64). The pound's trade-weighted index rose to 78.7 from 78.2. In New York it closed at $1.3125. **Page 31**

GOLD rose $3.50 on the London bullion market to $343.75. It also improved in Frankfurt and Zurich to $344.25. In New York, the Comex August settlement was $344.50. **Page 30**

TOKYO blue chip stocks returned to the fore, taking the *Nikkei-Dow* market average 138.47 higher at 10,086.87. **Section III**

LONDON gilts spearheaded a market advance. In response, the FT Industrial Ordinary index put on 13.9 at 809.1. **Section III**

U.S. MONEY SUPPLY: M1 fell $1.7bn in the week ending July 23.

EXPORT-IMPORT BANK of the U.S. will lend Pakistan $66.9m to help to finance the sale of six Boeing 737-300 aircraft to its national airline.

U.S. NAVY has awarded contracts to Grumman Corporation worth up to $1.26bn to upgrade two carrier-based aircraft the A-6 attack bomber and the F-14 fighter.

GENERAL DYNAMICS reported a second-quarter profit of $92m or $1.97 a share compared with $72.7m or $1.32 a share for the same period last year.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Brussels halts competition suit after IBM pledge

BY PAUL CHEESERIGHT IN LONDON AND GUY DE JONQUIERES IN LONDON

THE European Commission agreed yesterday to suspend competition proceedings against IBM of the U.S., the world's largest computer maker, in exchange for an undertaking by the company to amend its business practices.

IBM's undertaking, which relates chiefly to disclosures of information needed to attach products to its Series/370 compnters, lasts until at least 1990. The company may withdraw it at a year's notice from January 1989.

Tha Commission has reserved the right to reopen legal proceedings against IBM, bowever. It plans to monitor IBM's compliance closely and emphasised that the company must observe the spirit of its undertaking as much as the specific provisions in it.

Mr Frans Andriessen, the competition commissioner, said that by requiring IBM to disclose information more fully and promptly, the settlement should enable indigenous European computer suppliers to make products which could be attached to IBM systems.

European companies should be able to capture a larger share of EEC markets, where IBM is the largest supplier of computer equipment with an estimated 60 per cent of the market for mainframe computers.

Mr John Opel, IBM's chairman, welcomed the settlement. "This undertaking satisfies the Commission's desires and puts the matter behind us, without requiring us to make significant changes in how we do business," be said.

Mr Andriessen disclosed, however, that the Commission had started examining the competition

Continued on Page 10

THE MAIN points of IBM's undertaking to the EEC are:

- **All new System/370 products intended for sale in the EEC to be announced in the Community as soon as they are launched anywhere else in the world**
- **IBM to make available to competitors information about interfaces between System/370 equipment and software within 120 days of announcing them. Interfaces between software to be issued as soon as products are "reasonably stable" (technically proven) and no later than when they go on sale**
- **Interface information defined as a description "sufficient to enable a competent professional skilled in the art to attach a product of his design to an IBM System/370 product"**
- **Disclosure rules to include details of products which exploit technical enhancements of IBM's Systems Network Architecture (SNA) for computer communications.**
- **Undertaking covers large mainframe computers such as the 43XX, 303X and 308X series but excludes smaller machines such as Systems 36 and 38, Series/1, 8100 and IBM personal computers.**
- **IBM agrees to offer Series-370 mainframe processors in EEC without main memory capacity.**

Main points of IBM's undertaking, Page 10

Zanussi rescue may be at risk in debt row

BY ALAN FRIEDMAN IN MILAN AND CARLA RAPOPORT IN LONDON

THE RESCUE of Zanussi, the troubled Italian domestic appliances group, by Electrolux of Sweden appears to bave been seriously threatened by a disagreemeot over repayments to foreign creditor banks, which are owed a total of $65m.

The last-minute snag, which comes after many months of negotiations, concerns a proposal that Zanussi's foreign banks accept a lump sum payment of 70 per cent of their outstanding debt exposure as full settlement.

Several foreign banks compained yesterday that they were being unfairly treated since the Italian bank creditors of Zanussi, which hold the bulk of the group's L1,046bn ($588m) total gross debt, are to reschedule the debt over seven years and will simply reduce the rate of interest payable.

"Not even in South America have we been asked to write off 30 per cent of our principal," one agitated foreign banker said.

A senior Italian banker, who has been deeply involved in the Zanussi crisis talks, said the foreign banks' anger meant chances of a successful rescue going ahead were no better than 50-50.

Sig Gianfranco Zoppas, the Zanussi chairman, said last nigbt the interest rate sacrifices of the Italian banks, which will mean their foregoing L200bn of interest, "amounts to the same 30 per cent loss."

Mr Anders Sharp, the Electrolux president, said yesterday the disagreement between the banks was "quite serious." Speaking from Mansfield, Ohio, wbere be and other top executives were attending an annual meeting with a U.S. subsidiary, Mr Sharp said: "If they (the banks) cannot agree, I doubt if the deal can go through."

Mr Sharp still beld out bope that the differences could be resolved in the next two weeks, however.

He confirmed that Zanussi sales bad suffered in the second quarter in Italy, but said the group was performing near the industry average in the rest of Europe.

Sig Zoppas, who took over as Zanussi chairman only a few months ago, said foreign banks were told at a meeting in London last week that Zanussi's European market had deteriorated receotly.

Sales were down and the product mix was poor.

Sig Zoppas said both Zanussi and Electrolux had this week complied with the bank creditors' request for detailed informatioo, including fully audited accounts for 1983 and a trading report for the first five months of this year.

He stressed that the foreign banks would have time to study the figures and be boped they would soon agree to co-operate in the rescue package.

More than 20,000 jobs in the north eastern Italian region of Friuli and the survival of one of Europe's leading white goods makers are at stake. Under the Electrolux rescue plan the Swedish company is to take an initial 49 per cent of Zanussi and will buy L100bn of bonds convertible into Zanussi shares, which could eventually boost its stake to 75 per cent.

In addition Electrolux would pay off the foreign banks, on the basis of 70 per cent, at a cost of about $45.5m.

AEG to receive DM 650m from ANT in arbitration agreement

BY JONATHAN CARR IN FRANKFURT

AEG-TELEFUNKEN, the West German electrical concern, will receive DM 650m ($223m) in final payment from the buyers of its former telecommunications subsidiary, ANT Nachrichtentechnik.

That is the key element of an arbitration accord reached after many months of dispute between AEG and ANT's present owners, Bosch (electricals), Mannesmann (engineering) and *Allianz* (insurance).

Word of the agreement emerged too late yesterday to influence the AEG share price, which closed only 50 pfennigs up at DM 91.

The news is bound to be seen, bowever, as a further big boost for AEG, whicb struggled out of deficit last year after prolonged losses that forced it to seek court protection from its creditors in 1982.

So far, AEG has only written a conservative DM 150m into its balance sheet for the sale of its final controlling stake in ANT. The accord now reached amounts to DM 500m more.

AEG reluctantly decided in 1981 to sell 49 per cent of ANT – one of its key high-technology offshoots, active in digital and satellite communication – to balance mounting losses.

Boscb, Mannesmann and Allianz are believed to have paid around DM 250m for the stake, with the option to take over the remaining 51 per cent should AEG have to declare itself insolvent later.

When AEG went to the courts to seek a *Vergleich* – composihon proceedings – a year later, the three buyers thus acquired the rest of ANT.

The three are believed to have offered little more than the sum they paid for the initial 49 per cent, but with the terms of the original sales deal not wholly clear, AEG demanded a much higher figure.

The DM 650m now agreed is made up of DM 510 for the 51 per cent acquired, plus DM 140m in compensation for the cancellation of a profit transfer accord to AEG.

Last year, AEG produced a world group net profit of DM 37m after an operating loss of DM 932m in 1982. It also cut its financial liabilities by DM 700m to DM 1.8bn.

The company has made clear that it will definitely meet the terms of its debt settlement oo September 18 as scbeduled.

Safmarine holding merger talks with Rennies

By Jim Jones in Johannesburg

SAFMARINE, South Africa's national shipping line, has reached an advanced stage in merger negotiations with Rennies, the diversified shipping and hotel trading group.

A merger of the two companies, if completed, would create a group with annual turnover of at least R1bn ($602m), ranking it among the country's 20 largest industrial groups.

The two companies were reluctant last night to discuss the proposed merger in any but general terms. They say, however, that significant rationalisation benefits are expected to facilitate expansion of the shipping and leisure interests currently owned.

The merger discussions are the culmination of a gradual convergence of interests between Safmarine and Rennies, which began in the middle of last year when Safmarine bought an 18.75 per cent interest in Sun International, the casino and resort group formed from the merger of the gambling interests of Rennies, and the Southern Sun hotel group outside South Africa.

The acquisition led to the sale by the state-owned Industrial Development Corporatioo of its 40 per cent interest in Safmarine, early this year, leaving Old Mutual, the country's largest insurance group, as the largest indivIual shareholder in Safmarine.

● **Our London Staff adds:** The Industrial Development Corporatioo's sale last year of its stake io Safmarine came amid fears of a political outcry over the state's inadvertent involvement in casino gambling.

South Africa does not allow casino gambling within its borders. As a result, demand for this form of entertainment is satisfied in neigbbouring states and the so-called "independent national states" of Transkei, Ciskei, Venda and Bophuthatswana.

The Safmarine link with Southern Sun was seen by influential church groups and supporters of the ruling National Party as tantamount to state involvement in a gambling industry not permitted in South Africa.

The South African authorities last night cleared the way for yet higher interest rates, with a prime rate rise of some 2 to 3 points in prospect from the current 22 per cent. Page 10

Commerzbank head warns on interest rates

BY JONATHAN CARR IN FRANKFURT

THE BUNDESBANK, the West German central bank, has been warned against raising key interest rates by Dr Walter Seipp, head of the Commerzbank. He said that higher interest rates would bring tension in the European Monetary System (EMS).

His warning comes amid speculation that the central bank council might consider boosting discount and/or Lombard rate at its meeting next Thursday.

One strong argument in favour of a rise would be to help to steady the D-Mark against the high-flying U.S. dollar, and discourage a further outflow of funds into high-interest-bearing dollar investments.

At a press conference, Dr Seipp said that despite the high dollar level against the D-Mark, the German currency was not generally weak.

A rise in key German interest rates would therefore bring upward pressure on the D-Mark against the currencies of partner countries in the EMS, Dr Seipp said.

The speculation has been at least partly fuelled by the Bundesbank's decision on June 29 to raise the discount rate by 0.5 per cent to 4.5 per cent – the first increase for abont four years.

The bank argued that that step was partly to neutralise the DM 8bn increase in liquidity which it offered simultaneosly to the banks and did not imply a tighter monetary policy.

None the less, the Bundesbank action put the issue of key interest rate increase "back on the agenda again," at a time of a strengthening dollar and net – albeit still quite modest – long-term capital outflows from Germany.

Simultaneously, the Bundesbank has also been urging the Bonn Government publicly to abolish the tax

Continued on Page 10

The jobless total in West Germany rose by 90,000 in July, bringing the percentage of those out of work to 8.9 per cent. Fignres have been released confirming the damage caused by the seven-week strike in the engineering industry. Output tumbled by 9.5 per cent between May and June this year, including a 10.5 per cent drop by manufacturing industry alone. Production by the motor industry, a prominent employer, was 60 per cent lower in June. Details, Page 10.

Rolls-Royce wins £100m India order

BY MICHAEL DONNE IN LONDON

ROLLS-ROYCE has woo a £100m ($130m) contract to supply its RB-211-535E4 engines for the 12 Boeing 757 twin-engined jet airliners recently ordered by Iodian Airlines, the Indian domestic airline.

It is the third big order Rolls-Royce bas won in recent weeks.

The others are the £34m order for the new Tay jet engine for the eight Fokker F-100 twin-engined 100-seat airliners ordered by Swissair, and the projected £250m order from Saudia, the Saudi Arabian airline, for the RB-211-524 eogines for the 10 Boeing 747s ordered by that airline.

Sandia has yet formally to confirm the order for 747s, which are to be paid for in oil under a barter deal.

The Rolls-Royce 535E4 engines for the Boeing 757s were chosen in preference to the rival U.S. Pratt & Whitney PW-2037 engines. The 535E4 is claimed by Rolls-Royce to reduce the fuel consumption over the current 535C engine by up to 15 per cent a flight.

The present 535C engines are used in Boeing 757s by five airlines: Eastern (U.S.), Britisb Airways, Monarch Airlines (UK), Air Europe (UK) and LTS, a West German holiday tour airline. The new uprated 535E4, of 40,100 lbs thrust, is to enter service with Eastern Airlines in October this year.

The three big orders won by Rolls-Royce, collectively worth close to £400m, indicate an improving economic climate among the world's airlines, with an increasing number of operators buying new equipment.

The expansion in demand bas been especially apparent in the countries of the Third World, wbere the recession has been less severe in its impact on air transport

CONTENTS

Business urges Fabius to boost tax incentives

BY DAVID MARSH IN PARIS

M YVON GATTAZ, leader of France's Patronat (employers' federation) yesterday called for increased tax incentives to boost French investment.

The call came after a 90-minute meeting with M Laurent Fabius, the new Prime Minister.

The Patronat chief's recommendation was neatly pitched to tie in with a major preoccupation of M Fabius.

In his early business-like declarations on France's economic problems, the Prime Minister, who is known to support fiscal incentives for the corporate sector rather than increased aid, has made clear his concern about supporting investment.

Yesterday's meeting—which came after a series of cirsis sessions between M Fabius and other Ministers monitoring the hi-jacking of the Air France airliner to Tehran—represented the latest contact between the Prime Minister and union and business leaders.

M Gattaz went out of his way to recall his previous collaboration with M Fabius in drawing up last year a dossier on government charges on the corporate sector.

Despite some "blue sky" opening up over part of the French economy, M Gattaz underlined that the general climate remained "overcast and often stormy," pointing to particular difficulties in the construction and vehicle sectors.

The problems of this latter industry have just been starkly underlined by Automobile Producers' Association figures showing a sharp drop in French car production in June to 221,156 units, down 22.7 per cent from June 1983.

M Gattaz repeated familiar Patronat criticism of this autmn's sharp, scheduled increase in the *taxe professionelle* payroll tax on companies, which the Government has pledged to cut next year.

The Patronat acknowledges, however, that companies have gained financial respite from the slowing down of wage costs caused by the Government's general anti-inflation policy.

Figures from the Employment Ministry published yesterday showed that workers' hourly wages rose a provisional 1.9 per cent in the second quarter of 1984.

This takes the rise over the latest 12 months to 7.5 per cent, or less than the 7.7 per cent increase in consumer prices over the period.

Sweden set to lift curbs on foreign banks

By David Brown in Stockholm

SWEDEN, the last remaining country in Europe to prohibit foreign banks from establishing susbidiaries within its borders, is set to lift its restrictions next year.

"We cannot afford to maintain existing law. It is time to let the banks in" said Mr Nils Horjel, chairman of the government-appointed committee which is set to recommend changes in the structure of Sweden's credit markets early this autumn.

The committee is expected to ask the Social Democratic Cabinet to place a limit on the number of banks allowed to establish subsidiaries, and to restrict the scope of their activities, however.

The Government is expected to accept the committee's proposals.

Spanish unions, employers table economic plans

BY DAVID WHITE IN MADRID

SPANISH TRADE unions and employers' representatives *yesterday tabled* counter-proposals to the Socialist Government's medium-term economic plans, as tripartite talks resumed on a wide-ranging pact for 1985 and 1986—the second half of the current parliamentary term.

The Government, which finally got the talks going last week, presented broad outlines of its forecasts to the partners on Monday, prior to Cabinet discussion of 1985 budget plans on Tuesday.

Although the Government has now formally stepped down from its 1982 election promise of creating 800,000 jobs in four years, the forecasts are optimistic in terms of economic growth.

This is seen rising to an average of between 3 and 3.5 per cent a year in the next three years.

Employment is expected to start recovering next year, according to the latest official projections, after job losses expected to total 220,000 in 1983 and 1984.

The Spanish Confederation of Business Organisations (CEOE) criticises the Government's plans on several fronts, particularly over what it sees as insufficient new incentives to private investment.

It also criticises it over a further 1 per cent increase in the fiscal burden planned for next year

On the union side, the Communist-led Workers' Commissions, which have headed the attack on Government industrial policies, are pressing for much stronger action on job creation.

Russia steps up pressure on Honecker to drop visit

By Leslie Colitt in East Berlin

THE SOVIET UNION is stepping up its pressure on Herr Erich Honecker, East Germany's leader, to cancel a planned trip to West Germany in September, East European diplomats in East Berlin said.

Pravda, the Soviet Communist Party newspaper, yesterday intensified its criticism of East Germany's relations with West Germany and warned Herr Honecker of the political consequences of his policy. It was Pravda's second major commentary in a week aimed at East Berlin.

The East Europeans said attacks by Moscow against fraternal leaders were always "serious" and in this case meant Herr Honecker would find it difficult to regain the already shaken confidence in him by the Soviet leadership if he did not cancel the visit.

Some Western diplomats in East Berlin, however, believed Herr Honecker might be able to extract more concessions from West Germany while under pressure from Moscow.

The Pravda article, entitled "A Wrong Way," for the first time *directly criticised last* week's DM 950m (£243m) loan to East Germany backed by the Bonn Government and the humanitarian concessions agreed by East Germany.

These mainly eased travel by Westerners into the East. The newspaper said this looked less like an expansion of contact for humane purposes than an attempt by West Germany to "open new paths for political-ideological influence."

Pravda claimed Bonn was trying to justify its "massive pressure" on East Germany by claiming the two German states had a special mission to "limit the damages" caused by the deployment of new U.S. missiles in Western Europe.

This phrase was coined by Herr Honecker after deployment, and its pointed use by the Soviet Union is seen in East Berlin as an affront to the East German leader.

The Pravda commentary again was ostensibly directed at Bonn, but was a thinly veiled attack on East Germany for entering into wide-ranging political and economic contacts with West Germany.

Pravda also reminded Herr Honecker that he had said "it is as impossible to unite the Socialist GDR with the capitalist FRG as it is to unite fire and ice."

OECD REPORT ON DENMARK

Pat on the back but must try harder

BY WILLIAM DULLFORCE

MR POUL SCHLUTER'S non-socialist coalition wins a pat on the back from the Organisation for Economic Co-operation and Development (OECD) in its latest survey of the Danish economy but is also warned that it must try harder.

The Paris-based organisation notes with satisfaction the Schlüter administration's success since it took office in September, 1982 in reversing the deterioration in the economy.

The budget deficit has been reduced. The pace of inflation has been slowed and the curb on wage rises achieved by suspending the automatic wage indexation system has produced a marked improvement in company profits.

Last year, a strong growth in Danish exports won back significant market shares.

In the first quarter of this year, the economy appeared to be poised for further advances. The export markets were expected to expand by 6.75 per cent and 5.75 per cent in 1984 and 1985 respectively, and the OECD forecast a growth of 2.75 per cent in Gross Domestic Product in each year.

Investment in manufacturing, according to a recent estimate from the Danish Federation of *Industries, can increase by as* much as 30-35 per cent this year.

The organisation's experts, however, give a warning over the deficit on the balance of payments and Denmark's continuing extremely high level of foreign indebtedness.

DENMARK'S MAIN PROBLEM
External indebtedness as per cent of GDP

	1980	1981	1982	1983
Denmark	26.8	30.1	32.8	35.9
Norway	33.0	26.7	26.4	21.7
Sweden	9.6	14.5	21.8	23.6
Finland	15.0	14.2	16.7	17.7
Spain	11.2	15.3	18.1	20.3

Source: OECD Secretariat

Reaching almost 36 per cent of Gross Domestic Product in 1983, the net foreign debt is expected to remain at that level until 1985 and servicing the debt continues to impose a severe burden.

A large part of the latest OECD survey is devoted to examining the problems of the admittedly encouraging economic recovery sustained by Denmark over the past 18 months and underlines the prime importance of restoring equilibrium to the current account.

When it took over, Mr Schlüter's government aimed at *reaching that objective in three* or four years. Last year the current account deficit was reduced to DKr 10.7bn (£793m) from DKr 18.7bn in 1982, the year in which Standard and Poor downgraded Denmark's credit rating from AAA to AA+.

A small deterioration in the current account to a deficit of DKr 12bn-13bn had been foreshadowed this year, as import demand picks up to fuel the expansion in manufacturing.

A first-quarter deficit of DKr 5.7bn, boosted by high interest payments, has raised doubts about the forecast for the year as a whole.

The solution to the current account problem, in the view of the OECD experts, lies in a further strengthening of export performance which in turn would depend on further improvement in *the competitive*ness of Danish industry.

The country's industrial base is still relatively small, however, and an upswing in manufacturing exports would require a substantial rise in capital formation.

The last report from the Federation of Industries suggests this may be occurring.

To sustain the needed improvement in Danish industry's international competitiveness, the OECD sees a continuation of the Government's present incomes policies, which halved wage increases between 1982 and 1984, as a sine *qua non*.

Thus, the OECD's message to *the Danish* trade *unions is* that the room for wage cost increases is "extremely limited."

This year pay increases may, indeed, be moderate. The government guideline for the rise in public sector wages is 4 per cent, while the wage increase in the private sector is expected to be held to 5 per cent or less.

The employment outlook is also brighter, the OECD experts believe. Denmark has had a high unemployment rate by standards of the Nordic economies but the number without jobs is expected to decline slightly to around 10.25 *per cent of the workforce* this year, with another small decline in prospect next year.

Bologna bombing marked

BOLOGNA – Thousands marched in silence through the streets of the city yesterday to mark the fourth anniversary of a bomb blast at the railway station that killed 85 people and wounded 200 others.

A representative of families of the victims accused the Italian authorities of failing to bring to justice those responsible for Europe's bloodiest post-war terrorist attack.

"Our repeated requests for justice and truth have been systematically ignored by the responsible institutions, left unanswered or entangled in overlong bureaucratic procedures," said Sig Torquato Secci in a speech delivered in the square in front of the rebuilt railway station.

Authorities have arrested and released about 40 suspects. Police are holding one man and are seeking four others believed to be in Bolivia.

The five are suspected members of right-wing terrorist gangs.

Delegations were present from Zagreb, Yugoslavia, and Munich, West Germany, two cities also hit by neo-fascist terrorist attacks in recent years.

The estimated 10,000 people observed a one-minute silence after Sig Secci's speech. At 10.25 am, the exact time of the explosion, trains in the station blew their whistles.

Irish departments under investigation

BY BRENDAN KEENAN IN DUBLIN

A FIRM of consultants has been hired to investigate the working of the Irish Department of Finance and the Prime Minister's Department. The appointment of Davy Kelleher McCarthy by the Parliamentary Committee on Public Expenditure is the most striking indication to date of the increasing role the committees are playing in Irish political life.

The committees, which are modelled to some extent on those operating in Westminster, were formed less than a year ago in an attempt to improve the near moribund state of the 166-seat Irish Dail. They have limited funds, powers and privileges but backbench MPs have taken to them with enthusiasm as an alternative to the dreary round of pleading constituents' cases and taking part in predictable votes.

The Irish public has enjoyed the spectacle of normally secretive civil servants having to justify departmental decisions in the full glare of publicity. The committees have already criticised several aspects of the operation of departments and nationalised industries which have led to cost overruns in public projects and left expensive government offices empty for long periods.

The committees do not investigate policy formation but the Davy Kelleher McCarthy study is expected to concentrate on the effectiveness of the Department of Finance in monitoring public expenditure.

Many economists believe the rapid rise in Irish public spending in the last decade has been due as much to lack of control as to policy decisions. The management of Ireland's foreign debt, for which the Department has been praised in the past, might also be examined.

The committee will ask for the fullest access to departmental files but signs of tension between the bureaucracy and the committees are already emerging. The police commissioner has refused to meet a committee dealing with crime and vandalism and referred them to the Justice Department.

The members of the Public Accounts Committee were refused access to the headquarters of the recently formed Irish Telecom. Some MPs report, however, that civil servants have been co-operative and that many appear to welcome scrutiny which might lead to improved managerial methods in the bureaucracy.

W. German power plant criticised

By Patrick Blum in Vienna

CZECHOSLOVAKIA has renewed its attacks against the controversial coal-fired Buschhaus power station in West Germany, despite the compromise solution agreed by the West German Bundestag on Tuesday to meet environmentalist concerns about sulphur dioxide pollution.

The Prague daily newspaper Rude Pravo said yesterday that the power plant located near the East German border would pollute the atmosphere of neighbouring countries. The decision to put Buschhaus into operation without a filter to cut sulphur dioxide emissions was in marked contrast to statements by West German ministers in favour of enrivonmental protection, the newspaper said.

"Although West German Interior Minister Friedrich Zimmermann urged other countries at a recent international conference in Munich to do everything for environmental protection, the West German Government is now putting into operation a brown-coal fired power station without desulphurising equipment," Rude Pravo said.

FT LAW REPORTS

Arbitration can be permanently stayed

TWO ARROWS MARITIME AND PORT SERVICES LTD AND ANOTHER v DORVAL TANKSHIPS PROPRIETARY LTD

Court of Appeal (Lord Justice Eveleigh, Lord Justice Fox and Lord Justice Kerr): July 27, 1984

WHERE PARTIES to an arbitration have an obligation to another to see that it proceeds expeditiously or is brought to an end, the court may allow that other person to intervene in court proceedings relating to security for costs in the arbitration; and if it does so, it has power to grant him a permanent stay of the arbitration.

The Court of Appeal so held when dismissing an appeal by shipowners, Dorval Tankships Proprietary Ltd, from orders made by Mr Justice Leggatt. The judge had granted an application by Pakistan Edible Oils Corporation (PEOC), buyers of cargo, to be joined as plaintiffs with Two Arrows Maritime and Port Services Ltd, charterers, in court proceedings against the ship owners, and for a permanent stay of arbitration proceedings between the charterers and shipowners.

Order 15 rule 6(2)(ii) of the Rules of the Supreme Court provides: ". . . at any stage of the proceedings in any cause or matter the court may on such terms as it thinks just . . . (b) order . . . to be added as a party (ii) any person between whom and any party to the cause or matter there may exist a question for issue arising out of or relating to or connected with any relief or remedy claimed in the cause or matter which . . . it would be just and convenient to determine as between him and that party as well as between the parties to the cause or matter."

LORD JUSTICE EVELEIGH said that in July 1978 PEOC agreed to buy 5,000 metric tons of palm oil. It was shipped on board the Argen Puma at Port Kelang.

The shipowners had chartered the vessel to charterers who nominated her under a charter-party to the sellers. On October 16 she arrived at Bombay. The shipowners refused to berth her till the charterers paid demurrage. They refused to do so and the shipowners instituted arbitration proceedings.

In December the High Court of Bombay ordered discharge of the cargo at Bombay against a bank guarantee for $210,000 in favour of the shipowners, in lieu of any lien they might have for demurrage. Later it ordered that the palm oil should be released to PEOC if it procured a second guarantee for $102,000.

The guarantees were issued by the National Bank of Pakistan. PEOC's account with the bank was blocked and interest at 1 per cent on the guarantees was made payable.

On April 2 1982 the charterers obtained an order in the English court *that the shipowners should* pay £12,000 into court within 14 days, as security for costs in the arbitration; that all proceedings in the arbitration be stayed pending payment-in; and that the arbitration should not proceed unless payment-in was made within the 14 days.

The security was not provided. On August 11 1983 PEOC applied to be added as a party under RSC Order 15 rule 6(2)(b)(ii). It further asked that the arbitration be permanently stayed, and that the shipowners be prohibited from making demands under the guarantees.

Mr Justice Leggatt ordered that PEOC should be added as plaintiff, and that the arbitration be permanently stayed. He refused to prohibit demand on the guarantees, but gave liberty to re-apply for such an order if necessary.

The shipowners appealed. The question was whether the court had power under Order 15 rule 6 to allow a stranger to an arbitration to intervene in court proceedings relating to security for costs; and if so, whether the court had power to order, in favour of the intervenor, a permanent stay of the arbitration proceedings.

An application for security for costs in an arbitration was included in "proceedings in any cause" within Order 15 rule 6. There were however, three tests to be satisfied under that rule: (1) was there a question between PEOC and the shipowners which also fell to be decided between the charterers and the shipowners; (2) did that question arise out of any relief claimed; (3) was it just and convenient to determine it, insofar as the three parties were concerned, at one and the same time?

When PEOC's application was made, the question as to whether security should be given had already been determined, and it was not a "question" to which Order 15 could apply.

However, the order of April 2 had involved granting the shipowners liberty to apply to lift the stay. Therefore the charterers might at any time be faced with such an application. They could never safely file their papers.

PEOC would have no choice but to wait, not knowing for how long it would be obliged to pay the interest on the bank guarantee, and to submit to its funds being blocked.

In such a situation PEOC was entitled to have its position clarified, not only as between itself and the shipowners, but also between itself and the charterers. There was a question to be determined whether the charterers, in all the circumstances, owed PEOC an obligation to take steps to see that the arbitration proceeded expeditiously, or was brought to an end.

PEOC had been compelled to provide a guarantee because of the charterers' failure to pay demurrage as demanded. Whether the failure was justified or not was irrelevant. The shipowners, on the other hand, by asserting a lien, had extracted the guarantee. PEOC was surely entitled to know, as against the shipowners, whether it was under an obligation to proceed expeditiously with the arbitration.

Although PEOC's application was not initiated by the charterers, they supported it. Sooner or later, it was reasonable to assume, the court might have been asked by the charterers themselves to make a similar order.

Therefore, the question to be determined between PEOC and each of tha other parties was one which fell to be determined at some time between the charterers and the shipowners.

The stay of proceedings was an integral part of an order for security for costs, and consequently whether there should be a stay was a "question relating to or connected with the relief claimed" by the charterers.

Mr Justice Leggatt was right to allow PEOC to be joined in the proceedings. He was entitled to conclude that the shipowners had failed to provide security within 14 days and that they should not be granted an extension of time.

PEOC continued to pay interest on the guarantee. Its funds were still blocked. If the stay was lifted it would continue to suffer from the situation. Also, the charterers were continually under the threat that they might be held liable to idemnity PEOC in respect of the costs of provid*ing the guarantee*. The judge was entitled to take that into consideration with all other relevant factors.

It was said that the court had no power to put an end to an arbitration.

Section 12(6) of the Arbitration Act 1950 had the effect of incorporating RSC Order 23 into the Act. Order 23 rule 2 provided that where an order was made for security for costs, the security "shall be given . . . on such terms . . . as the court may direct." Consequently, the court had statutory jurisdiction to do what it considered just.

It was also argued that there was no such thing as a permanent stay. That, it was said, meant the judge sought to deprive a court of its jurisdiction to entertain any further application in the matter. The usual step was to apply for an action to be dismissed.

The present case, however, was not concerned with an action, but with arbitration. There was nothing wrong in principle in a case such as the present for the court to order that the arbitration proceedings should be stayed permanently.

Lord Justice Fox agreed.

LORD JUSTICE KERR, also agreeing, said that *Bremer Vulcan [1981] AC 909* decided that the court had no power to dismiss an arbitration for want of prosecution. But that case was not concerned with the court's statutory power. The present case differed radically from *Bremer Vulcan* (and *Hannah Blumenthal [1983] 1 AC 854*), since it turned on the powers of the courts conferred by statute and under the rules of court.

Having ordered a stay under its statutory powers, it was equally within the power of the court to decide whether the stay should be lifted or maintained. There must come a point when the court could decide that the time had passed for the stay to be lifted and for giving leave for the arbitration to proceed.

That was the effect of the order that the arbitration be permanently stayed. Mr Justice Leggatt had jurisdiction to make the order.

For the shipowners: Martin Moore-Bick (Thomas Cooper and Stibbord).

For PEOC: Iain Milligan (Ince and Co).

By Rachel Davies
Barrister

Solidarity and Church urge vodka boycott

WARSAW — Thousands of Poles are pledging at Roman Catholic masses this week to refrain from vodka drinking during August.

The church has joined the outlawed Solidarity labour union in urging Poles to abstain from alcohol as a symbolic protest against "those who used to suppress, exploit and repress us."

The pledge, distributed to mark Wednesday's 40th anniversary of the Warsaw Uprising against the Nazis is supported by several Solidarity underground groups. Some union activists have claimed easy availability of vodka is used to demoralise and exploit workers. Reuter

W. Berlin mayor attacks Bonn

BY OUR BERLIN CORRESPONDENT

WEST BERLIN's mayor, Herr Eberhard Diepgen, has criticised the failure of the West German Government to include West Berliners in one of the humanitarian concessions made by East Germany in order to obtain a DM 950m ($326m) loan from West Germany.

West Berliners, unlike West Germans living in the border area, are only able to remain in East Berlin and East Germany for one instead of two days during outings.

The new measure for West Germans came into effect on Wednesday after it was announced in Bonn with other East German concessions by Herr Philipp Jenninger, Chancellor Helmut Kohl's aide responsible for relations with East Germany.

Herr Diepgen charged that this had led to "further uncertainties" in West Berlin after Bonn had said West Berliners were included.

Holiday plan fuels Cyprus feud

BY ANDREAS HADJIPAPAS IN NICOSIA

COMMUNISTS in Cyprus have strongly criticised the Government's decision to declare a public holiday today in memory of Archbishop Makarios, who died on August 3 1977.

A front page article in the Communist Party newspaper Haravghi said that it was "irresponsible" for the Government to give its employees an extra holiday costing the economy at least $1.7m, when Cyprus faced serious economic problems.

Observers see the article as another sign of the growing feud between the communists and President Spyros Kyprianou, who they helped to win the 1982 presidential election.

The communists have been more critical recently of the president's economic and political policies.

Swiss trade training is best in the West

In the second article on European apprenticeships, John Wicks reports on Switzerland, where on job instruction is the rule rather than the exception, and where youth unemployment is no problem.

A SWISS engineering concern opened a plant in the American South two years ago. It advertised about 180 jobs and received more than 10,000 applications—but still found it hard to recruit skilled staff.

"We need a few people with a decent Swiss apprenticeship behind them," the harassed works manager sighed.

He was not being unduly patriotic. Switzerland's highly-sophisticated economy has developed thanks largely to a comprehensive system of trade training unparalleled in the Western world. Year for year, more than 60 per cent of all school-leavers enter some kind of apprenticeship.

Formal training programmes, combining on-the-job instruction and regular schooling, are the rule rather than the exception in a wide range of occupations from shop assistant to electrician and bank teller. This, plus the recruitment from universities, colleges and technical schools, perpetuates the overall quality of the country's labour force.

Youth unemployment is no problem in Switzerland. In recent years the under-24s have been slightly more affected by recession than other age groups but the corresponding unemployment rate was still only 1 per cent last year and is put at some 1.2 per cent for 1984. Except for certain "glamour" occupations, school-leavers usually have no great difficulty in finding an apprenticeship to match their abilities and aptitude.

In fact, Swiss business is beginning to worry about a future shortage of apprentices. The decline in births following the widespread introduction of the "pill" will soon have a marked effect; the Zurich-based organisation Wirtschaftsförderung estimates that the number of apprentices under training could drop from more than 186,000 at present to only about 130,000 in the late 1980s.

For the time being though, some 65,000 young people are starting apprenticeships every year, the total having risen almost continuously from 41,000 in 1960 to a peak of 65,700 in 1981. The recessions experienced by the Swiss economy in the mid-1970s and early 1980s have led to virtually no loss of apprenticeship openings and only a very small percentage of trainees appears to have been left without work on passing their journeyman's examination.

The Government has done much to further the apprenticeship systems. It was improved by the introduction of a comprehensive Occupational Training Act in 1980 and as of July 1 this year apprentices of up to 20 years of age enjoy a minimum of five weeks' annual holidays.

The cantons are also active in their support of trade training. Apart from their financial contributions to technical colleges and the like, they are responsible for approving all apprenticeship contracts as well as acting to enable the completion of training in the case of plant closures.

The biggest apprentice force is that of Brown Boveri, the leading Swiss machine-builder. Some 1,048 apprentices are currently being trained, the vast majority of them at two large centres—one in the group's headquarters town of Baden, the other in the Zurich suburb of Oerlikon. About 250 entrants are expected for the start of the new apprenticeship year in April, 1985, all but a few (a bare 20) in so-called technical and mechanical trades.

No large-scale recruitment campaign is needed. Apart from advertisements in May or June of one year for the Easter enrolment in the next, Brown Boveri—like most other Swiss companies—offers a preliminary try-out of four to five days in co-operation with tha schools. In the 1983-84 period, 161 young people took part in this so-called "sniff-around" in Baden. Almost one-half subsequently became apprentices.

Brown Boveri finds that a

The company trains apprentices in more than 20 different occupations and offers almost exclusively three- and four-year apprenticeships. It also runs a so-called intermediate year between school *and trade training*. Some 70 per cent of the participants in this scheme, which is specially popular with foreign youths, subsequently enter an apprenticeship with the company or elsewhere.

Dr Pius Achermann, in charge of occupational training in Baden, estimated that it costs between SwFr 30,000 and 40,000 (£9,330-£12,440) to train an apprentice, even though technical-college expenses are borne mainly by the authorities. Apprentices' actual pay rises from SwFr 300 (£96) a month in the first year to SwFr 800 *(£256) in the fourth*. After the first year bonuses of 10-20 per cent are paid for merit.

Brown Boveri operates one of Switzerland's biggest trade-training establishments. Its "Werkschule" in Baden currently has 829 pupils, of whom 161 are from other employers. In fact, the school is run on behalf of the authorities, who bear most of its costs.

In all, the Baden trade school and the advanced-level school ("Berufsschule" and "Berufsmittelschule") employ 24 full-time and 31 part-time teachers and together cost some SwFr 4m a year. A further 267 apprentices are trained in Oerlikon, where SwFr 7.4m was recently invested in a super-modern *instruction centre*, while 54 company trainees are placed elsewhere. At a higher level, the company has its own "Technicians' School" as a stage between apprenticeship and engineering school.

The curriculum in basic apprentice training is a comprehensive one. During the four years' training course for a skilled machine mechanic or machine operator at Brown Boveri, for example, a total of 24 different subjects are taught. These include not only such "obvious" disciplines as mechanics, technical drawing, materials science, electro-technology, but also German, business, mathematics, civics—and throughout the whole training period, physical training.

There is plenty of incentive for young people to enter an apprenticeship. In such a highly sophisticated economy a considerable premium is placed on occupational skills. Although apprentices start off with not much more than a pittance, they are assured of the truth of the German proverb that "the trades are paved with gold."

Today, less than 10 per cent of the Brown Boveri labour force is unskilled. Some 80 per cent have gone through an apprenticeship, many of them continuing on to higher education. This means that a considerable share of the more than 20 per cent graduate contingent *on* the payroll has come "up from the ranks."

Brown Boveri trainees can justifiably feel they have the field marshal's baton in their knapsack. Of today's group managing committee, two key members are ex-apprentices, albeit not from the company itself. Mr Erwin Bielinski, chairman of the Swiss division, trained as a mechanic and Professor Robert Schnorr, head of research, as a toolmaker.

OVERSEAS NEWS

HK shares up, interest rates cut

BY OUR HONG KONG CORRESPONDENT

HONG KONG'S two leading banks yesterday cut their prime lending rates by 2 percentage points, to 15 per cent following the sharpest rise, in share prices for 2½ years and a strengthening of the Hong Kong dollar.

The improvements were triggered by Wednesday's detailed statement by Sir Geoffrey Howe, Britain's Foreign Secretary, in Hong Kong on the progress that has been made between China and the UK in their talks on the future of Hong Kong after 1997, when China resumes sovereignty of the territory.

Optimism among stockbrokers over Sir Geoffrey's statment helped the Hang Seng index to improve by 66.95 points on the day, to end at 893.69. This was the sharpest single daily gain since November 1981, when it recorded an 89.19 point rise.

The volume of trading was also large, in stark contrast with the pattern of the past month. Stock market turnover amounted to HK$893.69m, between eight and ten times higher than the average turnover of the past month.

The announcement by the Hongkong Bank and the Chartered Bank to cut prime lending rates by 2 per cent came after the stock markets closed and can be expected to trigger further stock market gains today.

Prime lending rates were hoisted by a record 3½ per cent to 17 per cent just under a month ago. This put great pressure on the territory's heavily indebted companies, like Hong Kong Land and other property companies. It also prompted fears that the recent resurgence in manufacturing activity might be suffocated.

Stock market operators in Hong Kong said yesterday that the active buyers were individual punters, with large trading syndicates and mainland Chinese interests as major sellers.

They said whether the momentum of a strong stock market recovery built up would depend on institutional investors, particularly those in London. So far, UK institutions have appeared to be reluctant to re-enter the market in any strength.

● Sir Geoffrey Howe arrived back in London yesterday after what was widely seen as a successful visit to Hong Kong and Peking to unravel "intractable problems" which had put in jeopardy a September signing for the Sino-British agreement

Sir Geoffrey is likely to make a further visit to China in September, as the date for a signing nears.

BLACK UNION MILITANTS CHALLENGE THE ESTABLISHMENT

South Africa's unstable minefields

BY JOHN STEWART IN JOHANNESBURG

Black miners queuing for food

TO THE South African mining industry's external problems of falling markets has been added an internal difficulty of unpredictable dimensions: the growing militancy of Black mining unions.

On the face of it, Johannesburg mining houses, whose general interests are represented by the Chamber of Mines, appear to be caught between a rock and a hard place.

At one level the Chamber is negotiating with the country's nine mining industry trade unions to eliminate job reservation—an enduring discriminatory labour practice that prejudices Black worker advancement on the mines.

Existing, racially based, work definitions prevent Blacks from obtaining certificates of competency in 11 categories of skilled work. Best-known of these is possession of a blasting certificate. Attempts to end this discriminatory practice are resisted by the 17,000-strong (white) mineworkers union and, who knows, possibly by Government security experts too.

On another level, the Chamber is locked in a dispute with the (Black) National Union of Mineworkers over the quantum of the annual wage agreement. The chamber has offered a 10 per cent increase, but the Black mining union is holding out for 25 per cent, after an initial demand of 60 per cent across the board for all unskilled workers. A dispute has been declared, and the Ministry of Manpower has agreed to appoint an arbitration board.

Earlier this year, wage negotiations between the Chamber of Mines and the white Council of Mining Unions, representing about 22,000 workers, were concluded without undue fuss and and award averaging about 10 per cent was made. This became effective on May 1.

One of the major problems facing the Chamber is uncertainty about the real strength of the NUM, headed by a former labour lawyer Cyril Ramaphosa. Mr Ramaphosa claims support of 80,000, which amounts to 15 per cent of the total workforce in the gold, coal and platinum industries. Mining executives say this claim is patently exaggerated and estimate NUM support at no more than 55,000.

Clearly the unions' paid-up membership is much less. Last year, when six gold mines and seven collieries signed an historic recognition agreement with the union, Mr Ramaphosa and his officials had been negotiating on behalf of no more than 6,000 workers, although it claimed membership of 20,000.

Nonetheless, it would be reckless to base negotiating tactics on the assumption that NUM is non-representative of the vast body of black miners. Labour lawyers point out that the union has the emotional appeal and the intellectual sense of strategy to encompass nearly all the 500,000 black workers in a wage deal. It is by no means certain that, if the present wage dispute does result in strike action, the NUM will not take the entire workforce with it, though paid-up and signed-up membership may be no more than 5 per cent of the labour force.

Thus the mineowners may have been at considerable risk when the Chamber decided, on the basis that most Black miners were not members of the NUM, earlier this month to implement its wage offer of 10 per cent without waiting for the outcome of official arbitration proceedings. Implementation of the offer was followed immediately by unrest on a number of collieries.

Affected were two mines — Goedehoop and Kriel — owned by Anglo American Corporation and two sections of Rand Mines' Douglas colliery. More than 2,000 workers were involved in the stoppages.

Earlier, a Black miner was shot dead and a number of others injured in a White residential area at Anglo's Vryheid Coronation colliery after demonstrations against the Chamber's package.

Among the demands made were that mine management should speed up the process of verifying the NUM's claim to be representative of the collieries' workers. Another was that management should not pay the new, increased wages but maintain old scales until the wage dispute is resolved. Managements agreed to the demands and the miners returned to work.

Given the large gap between offer and demand, the scope for dissatisfaction and unrest remains huge, while the potential for compromise seems slim. The NUM, labour observers say, needs to bolster its credibility and has adopted a fairly militant negotiating stance. The mining houses, on the other hand, appear equally tough in their dealings with the unions.

Sliding prices of gold, coal and platinum have left them in no mood to accommodate Black demands. Spiralling wage packets, high domestic inflation and uncertain rand realisations for their product sales not only threatens dividend payments but threatens the viability of marginal mines.

Even so, there is real concern among the more thoughtful mineowners about the possibility of industrial unrest and the extent to which it might spread. Should mediation attempts fail and the NUM embark on its first legal strike by taking out, say, 40,000 to 50,000 members, the remaining number of workers, to an upper limit of, say, 450,000 would, if they followed suit, be striking illegally. Problems for owners thus created hardly bear thinking about.

There are signs that the pressure is beginning to affect the unity of owners. Long accustomed to wage award processes which, at bottom, amounted to nothing more than unilateral decision and docile, if sullen, acceptance, industrial relations on the mines have changed dramatically.

Coal mines have for the first time decided to negotiate wage increases for their workers separate from those entered into with workers on the gold mines. The reasoning is that they fit into a different set of circumstances — economic conditions for them are more depressed, and a higher proportion of the workforce is skilled.

Pakistan exports slip after cotton failure

By Mohamed Aftab in Islamabad

PAKISTANI exports slipped 1 per cent in 1983-84 due to a disastrous cotton crop caused by a severe pest outbreak last year. Newly released government statistics show that a 48 per cent decline in cotton production pushed total exports down to $2.7bn (£2.1bn).

Most of the losses incurred on account of the cotton setback were however, offset by larger exports of rice, textiles, leather goods, and footwear. The increased exports were shared by Europe, the Far East and the Middle East.

President Ziaul Haq, who this week chaired a meeting of the Federal Export Promotion Board, which includes representatives from both the private and public sectors called for a major effort to find new markets in Africa and Latin America and step up the pace of exports.

The meeting adopted a new export action plan for 1984-85, which aims to boost exports by 28 per cent.

UN call for richer nations to aid Third World industry

THE RICHER countries were urged by the United Nations Secretary-General yesterday to inject new momentum into industrialising the Third World as an essential step to promoting global economic recovery, Reuter reports from Vienna.

Sr Javier Perez de Cuellar, opening the conference of the UN Industrial Development Organisation (Unido), said that if development in poorer countries was to pick up, a rapid growth of industrial activity was indispensible.

The 17-day Unido conference, attended by delegates from 115 countries at the former imperial Hofburg Palace, is the main forum this year for global development questions.

It opened in the shadow of a world economic crisis—now slowly easing in developed countries — that has stalled ambitious industrialisation plans in the Third World.

Key issues include ways of settling the huge debts incurred by poorer countries, made worse by high interest rates, and breaking down protectionism in developed countries

Sr Perez de Cuellar said that while Unido in 1975 set a target that developing countries should have a 25 per cent share of world industrial production by the year 2000, present trends indicated they would reach only 15 per cent.

Jakarta to curb farm subsidies

BY KIERAN COOKE IN JAKARTA

THE Indonesian Government has given notice that it intends to stop a programme of subsidised loans to millions of farmers, in what is seen as a further national belt tightening exercise.

While production of rice and other crops has risen substantially, the scheme has had a growing number of defaulters. The Government says that farmers no longer need such support, but some farmers have criticised the decision, saying that they are facing growing problems as the price of agricultural inputs, such as fertilisers and seed, rises.

South Korean deficit higher than expected

By Ann Charters in Seoul

SOUTH KOREA'S deficit on the current account balance of payments reached $1.1bn (£840m) in the first half of 1984, raising doubts that the country can achieve its target—keeping the deficit down to $1bn for the full year.

Although midyear performance improved over last year when the current account deficit registered a negative $1.6bn. Government policymakers had hoped to contain this year's deficit still further to keep required foreign capital borrowings at a minimum.

Higher than expected imports was the main reason for the higher than expected deficit as inventories in raw materials and components for export goods manufacturing built up rapidly. Crude oil inventories rose and domestic demand expanded more than anticipated.

Imports were $13.5bn and exports were $12.5bn as of the end of June producing a trade deficit of $988m. Invisibles showed a negative $368.5m with net transfers a positive $266.2m.

Oil glut prompts sharp fall in Saudi output

BY RICHARD JOHNS

A SHARP fall in Saudi Arabian oil production is expected this month in response to the current market glut and the collective total of the Organisation of Petroleum Exporting Countries should fall well below its ceiling of 17.5m barrels a day.

In particular, liftings of Saudi crude by the four U.S. companies which are partners in the operations of the Arabian American Oil Company—Exxon, Socal, Texaco and Mobil—could fall by as much as one-third to under 1m barrels a day.

Industry executives and analysts are now agreed that Saudi Arabia should now fulfil the assurance made by Sheikh Ahmed Zaki Yamani at last month's Opec meeting in Vienna that the Kingdom's average rate of output for August would fall to about 4m-4.5m b/d to accommodate a slight increase in Nigerian production and to accommodate the slack in demand generally.

Saudi output in July was lower than many industry observers had thought. Fulfilled orders for Saudi oil are understood to have been far lower than "nominations," or options, suggested and actual output was well below some of the estimates based on the high rate in early July.

Including its half of production from the Neutral Zone (share with Kuwait) amounting to about 200,000 b/d the Saudi performance may have been little above the 5m conceded by other members of Opec under the prices and production pact agreed in March 1983, it is claimed.

Within the industry there is considerable concern that exaggarated reports of overproduction could further weaken prices in the spot market and, thus, encourage the downward spiral.

British Petroleum reckons that Opec output in July was in the range of 17.5-18.0m b/d. The Royal Dutch Shell estimate is 17.3m b/d.

There is still confusion, meanwhile, as to how much of the 36m barrels of oil involved in Saudi Arabia's purchase of 10 Boeing 747 aircraft powered by Rols-Royce engines has actually entered the market. Some industry observers say that the bulk has been disposed of while others say that the process could take several months.

In Vienna, meanwhile, a spokesman for Opec's secretariat quoted Mr Kamal Hassanal Mahgour, Libyan Minister of Oil and Opec's current president, as dismissing a report from the official Iraqi news agency saying the organisation would hold an emergency meeting in the next few days as "absolutely false."

BARCLAYS BANK PLC.

The Directors of Barclays Bank PLC report the following Group results for the half-year ended 30th June 1984.

The Chairman, Sir Timothy Bevan, said today: The Group's pre-tax profit at £308m is £46m (18%) higher than the first half of 1983 and £13m (4%) higher than the second half of 1983. This satisfactory result has been achieved despite making further substantial provisions, both specific and general, reflecting continuing problems experienced by borrowers at home and abroad.

As I indicated at the Annual General Meeting, we have decided to provide for the effect of the Budget changes in taxation rates and allowances on the potential taxation liabilities unprovided at the end of 1983. An amount of £543m has been transferred from reserves to cover this charge. However, payments will be made over a considerable number of years during which time the funds will remain available to support our business.

Our first half retentions, together with the raising of US$350m loan capital earlier in the year, have come close to restoring our capital resources to their end 1983 levels.

I am glad that the Barclays Bank Bill, which will permit the effective merger of Barclays Bank PLC and Barclays Bank International Limited, has now received the Royal Assent, enabling the merger to take place on 1st January 1985 as planned.

Timothy Bevan

Sir Timothy Bevan, Chairman of Barclays Bank PLC.

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

(Historic cost basis)

	Half-year ended		
	30.6.84 £m	31.12.83 £m	30.6.83 £m
Operating profit	342	313	269
Share of profit of associated companies	38	41	36
Total Group profit	380	354	305
Interest on loan capital	72	59	43
Profit before taxation	308	295	262
Taxation	142	145	75
Profit after taxation	166	150	187
Profit attributable to minority interests in subsidiary companies	12	26	22
Profit attributable to members of Barclays Bank PLC before extraordinary items	154	124	165
Extraordinary items:			
Special provisions for deferred taxation	(543)		
Transfer from reserves	543		
	–		
Surplus arising on reduction of holding in a subsidiary company	12		
	12	–	–
	166	124	165
Dividends	43	43	39
Profit retained	123	81	126
Earnings per £1 Ordinary stock (before extraordinary items)	45.1p	36.4p	48.4p
Dividends per £1 Ordinary stock	12.5p	12.5p	11.5p

NOTES

1. The accounting policies are as explained on page 25 of the 1983 annual accounts.

2. Analyses of total Group profit:

	Half-year ended		
	30.6.84 £m	31.12.83 £m	30.6.83 £m
By nature of income/expense:			
Interest income	3,714	3,526	3,414
Interest expense	2,522	2,333	2,340
Net interest income	1,192	1,193	1,074
Other operating income	528	483	446
	1,720	1,676	1,520
Operating expenses:			
Staff	709	663	649
Property and equipment	217	201	190
Other	229	221	214
	1,155	1,105	1,053
	565	571	467
Charge for bad and doubtful debt provisions	231	270	205
	334	301	262
Profits on realisation of investments	8	12	7
	342	313	269
Share of profit of associated companies	38	41	36
	380	354	305
By geographical area:			
Domestic:			
Barclays Bank PLC	208	182	132
Barclays Merchant Bank Group	7	5	6
Mercantile Credit Group	23	16	17
Other domestic companies	39	40	27
	277	243	182
International:			
United Kingdom	16	11	19
United States	31	11	5
South Africa	27	71	47
Rest of the World	29	18	52
	103	111	123
	380	354	305

3. The charge against profit for bad and doubtful debt provisions comprises:

	Half-year ended		
	30.6.84 £m	31.12.83 £m	30.6.83 £m
Charge for specific provisions	195	206	200
Charge for general provisions	42	71	14
	237	277	214
Recoveries of amounts previously written off	(6)	(7)	(9)
	231	270	205

4. The charge for taxation is based on an estimated overall Group rate for the year which assumes an effective UK corporation tax rate of 46.25%. Provision is made for deferred taxation at the rates at which timing differences are expected to reverse, except where, in the opinion of the Directors, no taxation liability is expected to arise in the foreseeable future.

5. As a result of changes in the rates of taxation and capital allowances announced in the Budget, special provisions of £543m have been made for deferred taxation and other related liabilities. In arriving at the amount of such provisions, consideration has been given to the volume of leasing business and the level of capital expenditure likely to be achieved in future years, the estimated rates at which taxation will ultimately become payable and the rebate of rentals attributable to leases with tax variation clauses.

The total amount of special provisions has been met by a transfer of equal amount from accumulated reserves.

6. Earnings per £1 Ordinary stock are based upon profit before extraordinary items and after taxation, minority interests and dividends on Staff stock, related to the Ordinary stock in issue during the half-year.

7. Movements on reserves are:

	Half-year ended		
	30.6.84 £m	31.12.83 £m	30.6.83 £m
At beginning of period	2,617	2,531	2,423
Profit retained	123	81	126
Transfer to profit and loss account	(543)	–	–
Other items	(3)	5	(18)
At end of period	2,194	2,617	2,531

8. Certain balance sheet figures are:

	Half-year ended		
	30.6.84 £m	31.12.83 £m	30.6.83 £m
Capital resources:			
Issued share capital	343	342	342
Reserves	2,194	2,617	2,531
Stockholders' funds	2,537	2,959	2,873
Minority interests in subsidiary companies	225	212	207
Loan capital	1,397	1,103	1,011
	4,159	4,274	4,091
Deposits	60,735	57,029	54,277
Advances	55,722	51,062	47,961
Total assets	69,732	64,904	61,854

DIVIDENDS

The Board has decided to pay on 10th October an interim dividend for the year ending 31st December 1984 of 12.5p per £1 Ordinary stock (an increase of 8.7% over the interim for 1983 of 11.5p and equal to the final dividend for 1983 of 12.5p) in respect of stock registered in the books of the company at the close of business on 7th September 1984. This is equivalent to 17.9p gross on that stock. An interim dividend of 7p per £1 on the Staff stock will be paid at the same time to holders registered on 30th June 1984.

COMMENTARY

Domestic. In the UK our base rate has averaged 9.0% compared with 10.4% and 9.5% in the first and second halves of 1983 respectively.

The profit contribution of Barclays Bank PLC, which includes the UK clearing bank and Barclaycard operations, has increased by £76m (58%) over the first half of 1983 and is £26m (14%) above the second half of 1983. Volumes have continued to rise and lending margins have improved, although we have experienced continued competition for retail funds and an increased reliance on the wholesale market. Commission income has increased and overheads have again been well contained. Although economic recovery is continuing, the level of provisions charges is again high.

Barclaycard continues to grow rapidly and has achieved a further increase in operating profit.

The profit of the Mercantile Credit Group has improved, principally reflecting an improvement in bad debt experience.

Profits from the Group's other UK based companies, including Barclays Merchant Bank, continue to be satisfactory with further strong performances from insurance services and the Trust Company.

International. The contribution of the International Division after further substantial provisions is below the levels reported in both the first and second halves of 1983. Profits in the United States have shown a further improvement, but the results of the Group's South African operations have been adversely affected by a reduction in interest margins due mainly to the effects of South African monetary policy.

Provisions. The charge against profits in respect of specific provisions at £189m shows a small improvement over the levels experienced in 1983: of this total £85m arises from domestic operations, including subsidiaries, and £104m from international operations. In continuing recognition of the possible repercussions of the problems in the world economy on the value of our assets, both domestic and international, we have also charged against profit a further £42m in repect of general provisions, which now stand at some £350m.

Balance sheet. Total assets have increased by some £5bn (7%) in the first half of the year of which about a quarter is attributable to the decline in the value of sterling, principally against the US dollar.

BARCLAYS

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Mondale hits out at Reagan's handling of space weapons issue

BY STEWART FLEMING IN WASHINGTON

MR WALTER MONDALE, the Democratic Party'a candidate for the Presidency, has hit out ot President Reagan's handling of the Soviet Union's proposals to hold talks on space weapons, saying that the Administration has "badly botched the commitment for a sensible strong arms control."

Mr Mondale's remarks, during his election campaign swing through Texas and Mississippi, followa mounting evidence in the recent exchanges between the U.S. and the Soviet Union on space weapons that prospects of talks taking place in the autumn are fast disappearing.

In tbe wake of o statement by the head of the Soviet Foreign Mlnistry's U.S. section, Mr Alexander Bessmertynykh, saying that the U.S. continues to be "negative" on the Soviet proposal, Mr Robert McFarlane, the U.S. National Security Advsier, promptiy issued a strongly-worded statement saying: "The Soviet Union has repeatedly misrepresented the U.S. position regarding the opening of arms control talks between our two countries in Vienna." He added that the latest Soviet statements auggest that they were "not serious" about their proposal.

When the Soviet Union proposed on June 29 that the two countries should slt down in Vlenno in September to discuss anti-satellite weopons, the U.S. promptly stated that it was eoger to toke up the Soviet suggestion. But, since the initial flurry of optimism, diplomats on both sides have heen jockeying for position and increasingly it bas appeared that one objective the two sides hove hod in common has been to avoid been saddled with the responsihility for saying "no" to the talks.

Both componies have accused eocb other of putting pre-conditions o nthe talks. The U.S. rejected the Soviet proposal on a moratorium on testing anti-satellite weapons and the Soviet Union claimed that U.S. suggestions that it might want to use the September forum to discuss strategic nucleor arms represented an effort to impose its own preconditions on the agenda.

Mr Mondale is clearly determined to make the deterioration in Soviet-U.S. relations under President Reagan a major campaign theme, but the

Mondale . . . accusing Reagan of "botching commitment."

The U.S. and the Soviet Union have agreed to ease travel between the two countriea for diplomats and exchange students, the State Department said yesterday, Renter reports from Washington. Under the agreement, the two countries' diplomats will be able to enter and leave via five places instead of the three currently permitted. The accord will also facilitate the travel of participants in educational exchange programmes and expedite the issuing of certain categories of visas.

Administration, for its part, bas been determined not to band the Soviet Union the moratorium on testing on anti-satellite weapons which appeared to be the main prize the Sovlet Union was after.

President Reagan himself carefully avoided on Wednesday giving any suggestion that the talks will not take place.

Qnestioned at bis ranch about whether there was anything the U.S. could do to get the Soviet Union to the table in September, Mr Reagan appeared non-p'‚'ssed for a moment until Mrs Reagan whispered to him "Doing everything we can." Straightening up with a smile Mr Reagan said "We are doing everything we can."

N-power plant will convert to coal

By Terry Dodsworth in New York

PLANS for converting a big nuclear power project to coal were announced yesterday by Cincinnati Gas and Electric of Ohio.

The move had been expected after the company and its project partner, Dayton Power and Light, decided to abandon the Zimmer nuclear plant because of cost overruns earlier in the year.

The consortium said that it would like to convert using local coal. It was argued that such a conventional unit would be cheaper to construct and more acceptable to environmentalists.

The two other nuclear programmes in trouble in the U.S. have either been abandoned or refinanced. A further proposal for a similar conversion to coal has been made for the Marble Hill nuclear plant in Indiana by Wabash Valley Power Association, the junior partner in the deal.

Cincinnati said yesterday that the coal-fired unit could be constructed for a total cost of $3.4bn, which represented "the lowest cost option over the life of the plant."

The project's two partners have invested $1.7bn on parts for the nuclear unit. About 50 per cent is expected to be usable for the reworked coal plant. An extra $1.7bn has been earmarked for components including a boiler, an extra turbine and generator and pollution control equipment to enable the unit to burn Ohio coal.

Plant output is being increased from the original 840 MW of the nuclear project to 1300 MW in the coal-fired unit. Because of the increased size American Electric Power is replacing Cincinnati as the constructor.

American Electric has built six of the eight 1,300 MW coal plants in the world.

Cincinnati Power said yesterday that there was some scepticism in the financial community about the feasibility of the conversion, but added that it would not seek major new external funding for several years.

It also pointed out that if it had chosen to built a coal-fired plant from scratch it would have cost about $3.1bn.

They don't shoot pidgeons, do they

IN 1900, Britain won an Olympic Games hronze medal in on event that was hrusquely entitled, with a minimum of dressing-up, "Live Pigeon Shooting."

The discovery that live pigeons—io unspecified quantities that presumably ran to flocks—were formerly shot to feathers for the glory of the Olympics, was made at the Prado Recreation Areo, in San Bernardioo County, the 50-acre Olympic shooting site that nestlea malevolently ot the burnished foot of the Chlno Hills, an hour'a drive east of Los Angeles.

The revelation came immediately after Malcolm Cooper, o 36-ear-old, 5ft 7in import-export controller of Hayling Islaod, bad squeezed off his 120th shot in the event known as smallbore rifle (or carabine petit calihre) three positions.

He had scored 1,173 points—equalling the world record and wresting Britain's first gold medal of the Los Angeles Games.

The discovery of the live pigeons was made in the company of Cooper's wife, Sorah, herself an Olympic ahootist, and the small posse of British Press that had chosen Chioo to hunt for a medal, rather than one of the other 25 competition sites strung out across 4,500 square miles of Greater Los Angeles.

It is no easy task, hunting a medal.

While o few of us went to Chino, mucb of the Fleet Street ortillery lumbered off to Fairbanks Country Club, near San Diego, to watch the equestrian events, while remnaots of the cavalry ranged south, to Long Beoch, for the yachting, south-east to Coto de Caza, for the modern pentathlon, or to a dozen other sites. (The geoerals, of course, stay put in their hunkers at downtown hotels — watching TV, eating ice cream, and reliviog past triumphs — like Helsinki or Rome.)

We were combiog the record book to see when Britain last won a smollbore gold. Io 1968, in Mexico, Boh Braithwaite won a gold medol in the Olympic trap sbooting. But you go back to 1908 to find the last smollbore rifle gold, when Britain won the events for amollbore rifle (prone), amallbore rifle (moving target), smallbore rifle (disappearing target), ond smollbore rifle (team).

To win his gold, Malcolm Cooper peered at a 10-ringed target from o range of 50 metres. Then, in four 10-shot series of world record-class precision he squeezed off 40 shots with an eight-year-old .22 calihre Walther- GX1 rifle in each of three positions: standing, kneeling, prone.

Time limit: five hours. Maximum score: 1,200 points. Cooper's best series was prone, where he scored 100, 99, 100, 98=397 from 400. Standing was more difficult: 96, 93, 94, 98=381 from 400. Kneeling hrought him gold: 99, 99, 99, 98=395 from 400.

His total io what is rifle sbootiog's most prestigious and versatile event: 1,173 polnta, 10 better than Doniel Nipkow, the Swiss, 11 more than Alister Allan, another Briton, and light yeors removed from the performance of 51st place finisher, Alfredo Pelliccloni, of San Marino, wbo scored 1,041 ond would have been no threat to the live plgeons.

Cooper's performance equalled the world record of Victor Vlaso of the Soviet Union and demonstrated the eerie concentration whlcb the event demands. You don't hlast off shots in any old fashion. Olympic rifle shooting is all in the mind. At Cooper's level, the stote of transcendence required is extraordinarily obscure.

Yet Cooper ls refreshingly down to earth. "I was ready three weeks ago," he told me. This was reminiscent of o remark of Lester Piggott's. When asked when he knew he'd won the Derby, the great English jockey once replied: "Last Thursday week."

Remarkahly, Cooper lnflicted most of his best damage on the smali bore target when the wind was blowing. When the wind picked up, most of Cooper's rivals put their rifles down. Cooper took his np. When his rivals waited, Cooper forged ahead. There is no easy explanation for why this worked.

"It was a very difficult day," be told me. "I have great respect for the range. It'a a fight from start to finish." After 12 sbots standing be was miscalculating the wind direction bnt corrected his aim within four shots.

Two days previously, his rifle had broken apart. "Fortunately, I'm an amatenr gunsmith. It took three hours to repair."

Secret talks on Nicaragua may result in Ortega visit to U.S.

BY TIM COONE IN MANAGUA

THE THIRD round of talks in two months between Nicaragua and the U.S. in Manzanillo, Mexico, has concluded without official comment. But the Nicaraguan delegation, headed hy Sr Victor Tinoco, the Vice Foreign Minister, is thought to have proposed that Sr Daniel Ortega, tha bead of the Nicaraguan Government, sbould trovel to the U.S. for direct talks with President Ronald Reagan.

The Nicaraguan Government bas repeotedly insisted on direct talks with the U.S. to try to put an eod to the U.S.-backed guerrilla war in the country. There is a widespread feeling in the Government, however, that the Reagan Administration is "buying time" in the talks to try to improve its image with the U.S. electorate on the Central American issue before November's poll.

The Catholic archibishops in Nicaragua bave meanwhile reiterated a call to the government to enter into a diologue with the U.S.-backed Contra guerrillas of the FDN and Arde. The call echoes a similar proposal made by part of the political opposition, the Coordinadora Democratica, which has refused to participate in the upcoming Nlcaragua elections unless the Government opens a dialogue with the Rigbt-wing guerrillas.

The archbishops have also called on the Government to stop ottacking the outspoken archbishop of Managua, Monseigneur Ohando Y Bravo, who is now immersed in a controversy over having received funds from a U.S. company with the aim of organising internal opposition to the Sandinista Government.

With 80 per cent of the results collected, over 1.45m of the estimated 1.6m eligible Nicaraguans have now been registered as voters, The final figure is expected to exceed 1.5m, about 95 per cent of the total. The registrations have been labelled "an historic victory" for Sr Ortega.

Reuter adds from Madrid: Nicaraguan rebel chief Sr Eden Pastora met Sr Felipe Gonzalez, the Spanish Prime Minister, on Wednesday at the start of his European tour. Sr Gonzalez met Sr Pastora in his capacity as secretary-general of the Spanish Socialist Party, not as Prime Minister.

Sr Pastora later said that he urged Sr Gonzalez to press for "guarantees for a truly democratic process" in the Nlcaraguan election. "There is no freedom in my country," he sald, repeating his past demands that Managua expel Cuban advisers and lift press censorahip.

A Spanish Socialist Party spokeswoman said the meeting "would not interfere with Modrid-Managua relations" and that the party hacked o democratic electoral process in Nicaragua.

● Campaigning opened yesterday for Nicoragua's November general election and two U.S. Nobel Prize winners were quoted as saying that the country's Left-wing government was intent of making them free and Managua.

bonest. Reuter reports from Nobel laureates Mr Linus Pauling ond Mr George Wald arrived in the Nlcaraguan port of Corinto last week aboard a ship carrying aid supplies worth The elections are the first $2m (£1.5m).

since the ruling Sandinist National Liberation Front ()FSLN) swent to power in a broad-based revolution in 1979 and are due to elect a president, vice-president and 90-member constituent assembly.

Approval for $750m IDA contribution

A Congressional subcommittee yesterday tentatively approved a $756m (£572m) 1985 U.S. contribution to the International Development Association (IDA) hnt urged less be loaned to India and more to Africa, Reuter reports from Washington.

IDA is a World Bank affiliate and the principal source of low-cost loans to developing countries.

cinded in the 1985 Foreign The IDA contribution, in- Aid Bill by the House Appropriations ubcommittee on Foreign Operations, matches that requested by President Reagan.

The 1984 contribution was $945m.

Congressmen complained that loo mnch of the limited China and too little to sub- IDA fands went to India and Saharan Africa.

"If we're goin gto nse IDA, it ought to go to the neediest people on earth," said Representative Jack Kemp, a New York Republican.

Representative Mickey Edwards, an Oklahoma Republican, said IDA officials had indicated India and China would receive between 40 and ...50 per cent of the IDA loans, with Africa receiving between 26 and 30 per cent.

El Salvador guerrillas' tactics change

SAN SALVADOR President Jose Napoleon Duarte says he expects Left-wing guerrilias to launcb an autumn offensive in western El Salvador, an area relatively untouched by the country'a civil war.

"We have detected a lot of guerrilla movement around the western province of Santa Ana. That is where they are planning their offensive," he said. Guerrillas of the Farabundn Marti National Liberation Front (FMLN) are thought to be planning a major military push to force Sr Duarte to the negotiating table.

Military experts said a successful rebel campaign in the West, whare nearly 40 per cent of tbe country's coffee is produced, could have devastating effects on El Salvador's already battered economy. The guerrilias have already stepped up their activities in Western El Salvador, where attacks this week on four villages left 50 civil defence members and one soldier dead.

The rebels yesterday claimed they had killed or wounded 1,254 Goverment troops in the last 50 days, but a Defence Ministry spokesman dismissed the rebel radio report as "subversive propaganda." Reuter

Haig visits Ankara to lobby for Boeing

By David Barchard in Ankara

AS BIDDING for the contract to supply Turkish Airlines with its next generation of passenger aircraft entered the final stages, General Alexander Haig, the former U.S. Secretary of state, has arrived in Ankara to lobhy on behalf of the Boeing 757 and 767.

Turkish Airlines is proposing to huy three new passenger airplanes with an eventual option to purchase eight more. The field has been narrowed down to the Boeing 757 or 767 and the European Airbus A-320.

Originally considered a hopeless outsider, the chances of the Airbus winning ot least part of the order now look strong.

In the Turkish view a ahared order would not be uneconomic as the chief factor involved is the number of flight crews for training on tbe different planes and there is currentiy a surplus of available flight staff.

Generai Haig is understood to be in Ankara as a consultant to the Boeing Corporation. He is one of the most popular foreign faces in the Turkish capital, being regarded as staunchly pro-Turkish both from his days at Nato supreme commander in Europe and from his time as U.S. aecretary of state.

However it is pointed out here thot his vialt is intended only to match one earlier this year by the Bavarian prime minister. Herr Franz Josef Strauss, who lohhied vigorously on behalf of the Airhus.

● Alitalia, Italy'a state-controlled airline, said it has signed an order with Boeing of the U.S. to acquire two B-747 long-range aircraft in order to replace the last three of its ageing McDonnell-Douglas DC-10 airliners atill in service, AP-DJ reports from Rome.

The company also said it would order a large number of 48-seat Air-42 feeder airliners from a Franco-Italian consortium which produces the aeroplane, and revealed plans to merge ita two domestic units, Aereotrasporti Itallani (ATI) and Aermediterranea.

Meanwhile, in Washington, the U.S. Export-Import Bank has approved a $66.9m loan to Pakistan for the purchase of six Boeing 737-300 airliners.

Something for everyone in Brussels' IBM settlement

BY GUY DE JONQUIERES

THE LONG-AWAITED settlement of the EEC competition case against International Business Machines, announced yesterday, bears the hallmark of all true compromises: it offers something to everyone concerned but forces nobody to yield on fundamental principle. Exactly who got the most out of it, however, is likely to be debated in Brussels and the computer industry for some months to come.

The Commission can claim to haxe extracted some significant commitments from IBM, which the company has been unwilling to concede previously; the rest of the computer industry stands to gain better access to information about IBM's new products; and a serious upheaval in relotions between IBM and its customers has been avoided.

For IBM, the settlement marks the end of a tense political confrontation with Brussels. The company has got itself off the hook without odmitting any wrongdoing and — as its chairman, Mr John Opel, said yesterdoy — without making any major cbanges in its business practices.

It has agreed to observe stricter rules in publishing information about the "interfaces" which enable its large "mainframe" computer processors to be linked to other pieces of equipment. But it has safeguarded wbat it has always considered the bedrock principle in the EEC case: its right to keep secret the essential design information about the inner workings fo its macbines.

This is particularly important for IBM in its fierce battle with Japanese manufacturers Fujitsu and Hitachi, which are the only companies still able to mount a serious challenge to its supremacy in mainframe processors.

Yesterday'a agreement is expected to have most impact in the market for peripberal equipment auch as terminals, data storage and networking devices. Ironically, some in the industry believe that, if the settlement works out as the Commission hopes, it may further enhance the pre-eminence of IBM's technical standards worldwide.

About three qnarters of the world's large computers are already of the IBM 370-type which were the focus of the EEC case. But some manufacturers have hesitated about making peripberal epuiqment designed to attach to IBM systems, partly because they feared that they could not obtain qnickly enough the "intaface" information needed to connect them.

If the Commission's hopes are realised, such information should be available on a more regular basis than before. If other companies use it in their equipment, they will help to widen still further the market for IBM-type products.

Parties to the settlement: Mr Frans Andriessen, EEC competition commissioner (left), and Mr John Open, IBM chairman.

IBM committed itself yesterday to announce in the EEC new 370-type equipment and software which it plans to sell in the Community as soon as they are announced anywhere in the world. It will issue the relevant "interface" information within 120 days, instead of waiting until the first customer delivery was made, as in the past.

This appears a relatively minor concession, since the Commission calculates that the delay between announcement and delivery for 370-type processors have averaged less than seven months since 1970—though in a few cases it has been as much as two years.

Probably more important is the scope of the "interface" undertaken to provide. In the information whicb IBM has past, it has not pinned itself down to any firm formulo. It has agreed in future, to give a technical description "sufficient to enable a competent professional skilled in the art to attach a product of his design to an IBM System/370 product."

It has also agreed to publish fuller and prompter details of changes to Systems Network Architecture (SNA), its proprietary technique for computer communications. Information about SNA is becoming increasingly vital to IBM's competitors, as computing and communications converge in rapidly growing markets such as office automation.

IBM has also made o gesture towards Open Systems Interconnection (OSI), o set of internationally agreed rnies designed to enable all makes of computer to communicate. It acknowledged for the first time that it supported OSI—which many of its rivals are backing as a challenger to SNA—as "the" standard for linking computer systems.

It will be difficult to judge the full practical consequences of the EEC settlement until IBM indicates more cleorly how it will implement the detailed terms. The company haa yet to say, for instance, whether it plans to meet the disclosure timetable by delaying product announcement until 120 days before it is ready to make the first shipment.

In some areas, the wording of the company's undertaking is necessarily vague and its interpretation will rely to a degree on subjective judgment. This is particularly so in relation to the timing of disclosure of information about software, a somewhat amorphous commodity which defies the precise engineering measurements applicable to computer equipment.

Nor does the document ottempt to define the exact houndary between the "interface" details which IBM is hound to livulge and the proprietary design information which will remain secret Computer engineers hava differed over the distinction in the past, and there could be disagreements on this point in the future.

The Commission is, bowever, relying on IBM to carry out its undertaking in good faith. Moreover, Mr Frans Andriessen, the EEC competition commissioner has made clear that be expects the company to give a priority to observing the spirit of its commitment over the specific provisions it contains.

In the last resort, however, the Commission is keeping a shot in its locker. It it judges that IBM has failed to toe the line, Brussels reservesthe right to reactivate its legal processes at any time up to 1990.

Unitary tax plan fails to satisfy Japanese

JAPAN is not fully satisfied with recommendations made by Mr Donald Regan, the U.S. Treasury Secretary, on the controversial unitary tax system under which states tax multinational companies on their worldwide os well as in-state operations, the Foreign Ministry said yesterday.

A task force led by Mr Regan on Tuesday urged President Reagan to seek legislation to eod unitary tax if states refuse to take action by July 1985. The recommendations also call for the "water's edge principle" meaning that state tax jurisdiction cannot be extended abroad.

The ministry, in a statement, said it feared that foreign parent corporations could still be subject to taxation on their worldwide operations, although it regards the "water's edge principle" as an improvement. AP

NEC wins Thai deal

Japan's NEC Corporation said it has won contracts worth the equivalent of Y50hn (£156m) from the Telephone Organisation of Tbailand for the supply of 547 digital switching systems, Reuter reports from Tokyo.

Babcock $60m order

Babcock International's Itallan subsidiary, FATA European Group, has won an order worth $60m for an industrial spare parts and hand-tool manufacturing foctory near Addis Ababa, Ethiopia, the London-based engineering group announced yesterday, Our Trade Staff writes.

Construction of the factory, at Akaji, will begin at the end of this year and last three years. The project will subsequently be managed for two years hy FATA.

U.S. and Mozambique

The Overseas Private Investment Corporation, Opic, a U.S. government agency, said Wednesday it had signed o private inveatment agreement with the Government of Mozambique, AP-DJ reports from Washington. The agreement will permit Opic to provide political risk-insurance to U.S. companies making investments or engaging in certain other business activities in Mozambique.

France to make fuel for Ariane space rocket

BY DAVID MARSH IN PARIS

FRANCE HAS taken a symbolic step towards reducing dependence on the super-powers in the strategic business of space technology. The crowd of VIPs gathering to watch the 10th lift-off of Ariane, the European space rocket, scheduled for Saturday from the launch site of Kourou, French Guiana, will be comforted to know that, after two decades of space development, France has finally come up with a bome-produced rocket fuel.

France, which has led the $1bn Ariane programme with o share of more than 60 per cent of development costs, has built its own plant, at the Toulouse factory of the Societe Nationale des Poudres et Explosifs (SNPE), to produce a vital component of the Ariane rocket fuel.

This is a chemical called UDMH (unsymmetrical dimethyl hydrazine) which is mixed with nitrogen tetroxide to provide the thrust in the first and second stages of the three-stage rocket.

Up to the opening of the Toulouse installation, Ariane was dependent on foreign space powers—increasingly, the Soviet Union, but also the U.S. and China—to supply UDMH.

"The measure makes us more independent," said one official at Arianespace, the commercial company set up to sell satellite launches on board Ariane.

● France and Canada have signed an accord under whicb Canadian companies will have access to data from the French earth-observation satellite Spot due to be launched next year.

EEC drivers want to increase Comecon traffic

By Ivo Dawnay in Brussels

EEC LORRY drivers are preseing for a larger share in the traffic between the Community and the Comecon countries in a hid to increase jobs.

A recent European Commission report confirms their unions' claims thot Eastarn European hauliers carry nearly double the quantities transported between the two blocs by EEC-based lorry freight companies.

The latest figures are expected to confirm findings for 1981 which showed East-bloc lorries command 59 per cent of the trade while those of the Ten take 30 per cent, leaving 11 per cent in the hands of third countries.

Singapore's export credit agency makes first loss

BY CHRIS SHERWELL IN SINGAPORE

THE EXPORT Credit Insurance Corporation of Singopore (ECICS), the island state's equivalent of Britain's ECGD, has confirmed that this year it could face its first net operating deficit since beginning operations in 1976.

The agency says it has paid out almoest S$7m (£2.8m) in the first five months of 1984, against premium earnings of S$800,000. In 1983 it paid out a record S$20.3m, and its net operating surplus plunged to S$3.78m from S$12.47m in 1982.

"This year we're prepared to meet with possibly our first net operating deficit," the agency says in its official newsletter, confirming a trend seen in export credit insurance agencies in other countries.

"The difficult times are far from over," it adds, even though the level of pay-outs is down on the first five months of last year. "Threats of insolvency, default and transfer delay continue."

● South-East Asian countries, having heen praised for their achievements through free trade and economic pragmatism, are beinq penalised by protectionism in export markets and should fight against the trend through the IMF and World Bank.

This was stated yesterday by Dr Tony Tan, Singapore's minister of finance and of trade and industry. He said the resirictions often stemmed from trade disputes between the developed countries, and they should be alerted to the consequences

Soviet-Egyptian trade to be expanded

By Tony Walker in Cairo

EGYPT and the Soviet Union plan to increase the volume of trade in 1984-85 to more than U.S.$700m, Dr Ivan Matioukhian, the Soviet trade representative in Cairo, said this week.

The Soviet official was commenting on the latest round of trade talks with Egypt condncted over the past several weeks. These follow the signing last year of a new trade protocol after a lapse of six years because of atrained relations between Moscow and Cairo.

The two countries recently announced they would restore full diplomatic relations. Ambassadors are expected to he exchanged this month.

Egypt will send a trade delegation to the Soviet Union next month.

Press for Olympic gold

At 4.00 pm on August 1st in Los Angeles, Malcolm Cooper won the first gold medal for Britain in the 1984 Olympic Games.

British Telecom is playing a major part in putting the action on your television screen – as it happens.

Our Earth Stations are relaying this year's Olympics to over 20 European countries.

But gold medals aren't the end of the story.

British Telecom also transmits major sporting events such as Wimbledon and the Commonwealth Games, and receives others like the Grand Prix and the US Open Golf.

With events like these, British Telecom is bringing both news *and* business to Britain.

British TELECOM **The power behind the button.**

UK NEWS

BA will service Boeings abroad

By Our Labour Staff

BRITISH AIRWAYS (BA) is to send its fleet of 28 Boeing 747 aircraft to Hong Kong this winter for refurbishment under a contract worth almost £3m with the Hongkong Aircraft Engineering Company (Haeco).

Confirmation of the deal came after unions representing the airline's 5,700 engineering and maintenance workers withdrew their opposition to the work being carried out overseas.

British Airways has, however, given its engineering staff an assurance on future sub-contracting policy. Although the state-owned airline denies it, the unions maintain that they have forced BA to back down on a plan to abrogate the existing union/management agreement on sub-contracting.

The row started by earlier speculation that the contract would go to Haeco had threatened to cause a major dispute within the airline.

Unions had said 11 of the 28 aircraft could have had the refurbishment work done in-house this winter during routine overhauls. Failing that, the contract should have gone to a British company which could have handled all 28 aircraft before the completion deadline of next April.

In June last year, the airline announced that it was withdrawing its management directive, known as Group Instruction 64, stating that no engineering work should be put out to sub-contract without the unions' approval.

In a letter to staff, Mr Alistair Cumming, BA's engineering director, said existing union consultation procedures were cumbersome.

In a further letter to staff this week, however, Mr Cumming said the agreement had not been ended, but that the management still required changes in the procedures. BA said there was no contradiction between withdrawal of the management instruction and reaffirmation of the union agreement. The intent was to encourage the unions to negotiate quickly and realistically on streamlining the sub-contracting consultation procedures.

Thatcher takes softer line on coal strike

BY OUR POLITICAL AND LABOUR STAFF

MRS MARGARET Thatcher, Prime Minister, noticeably softened her public line on the miners' dispute yesterday during a series of television and radio interviews.

There was none of the tough rhetoric of the past fortnight, no references to the "enemy within" and no mention of Mr Arthur Scargill, the president of the National Union of Mineworkers (NUM).

Her tone was more "in sorrow than in anger." She emphasised the degree of agreement in the House of Commons on Tuesday about the case for closing uneconomic pits. She claimed that arguments about the procedures for closure had not been explained by Wednesday's statement from the National Coal Board.

Consequently, she said, "there is no reason for the strike to continue." Mrs Thatcher emphasised that she was not "talking about defeat or victory. What I am talking about is being able to carry on exactly as we did before, with the best deal the miners have ever had."

Miners in South Wales yesterday remained behind barricades for the second day at the NUM building in Pontypridd. They are there to prevent bailiffs seizing assets to pay


Mrs Thatcher: "not talking of defeat or victory"

the £50,000 fine levied earlier in the week by the High Court.

The union in South Wales has refused to pay the fine, levied for contempt of court over an order banning unlawful picketing of a haulage company's lorries.

In London, however, four Price Waterhouse accountants who have been appointed as sequestrators, said they did not believe they would have to go to Wales.

"We will be contacting various institutions where South Wales miners might have funds and taking control of those funds," a spokesman said. "We are confident of reaching a satisfactory conclusion."

A union spokesman at Pontypridd said miners at the NUM building were receiving "tremendous public support." He added: "People keep stopping outside the door and leaving food for us."

The National Coal Board (NCB) is expected to decide today whether to withdraw its latest offer or leave it on the table for any further negotiations.

Mr Ian MacGregor, the NCB chairman, is hoping that the back-to-work movement will gather momentum. His last offer to the union included the possibility of negotiating pit closures where reserves of coal could no longer be "beneficially" developed.

The plan also offered to delay the closure of 20 pits with the loss of about 20,000 jobs, and to review the closure of five other collieries. Mr MacGregor believes that these proposals have considerable support among miners who favour a return to work.

Power bill up £20m a week

BY MAURICE SAMUELSON

THE MINERS' strike should be settled "at little or no cost either to the consumer or to the taxpayer," Mr Philip Jones, chairman of the Electricity Council, said yesterday.

The council is the umbrella board for the 12 area electricity boards in England and Wales as well as the Central Electricity Generating Board (CEGB).

His remarks were in sharp contrast to the weekend statement by Mr Norman Tebbit, Industry and Trade Secretary that "at the end of the day" tha cost would have to be borne by electricity consumers.

Although power stations were burning more expensive oil instead of coal, he insisted that oo decisioo had yet beeo taken oo how any extra costs would be borne. These would only be assessed at the end of the dispute, he said.

Mr Jones made his remarks at a press conference where he announced that the electricity industry bad made a unexpectedly high operating profit of £901m in the latest financial year, enabling it to pay £485m to the Treasury in the form of a negative external finance limit.

Sir Walter Marshall, the chairman of the (CEGB) said that although its operations had been increased by about £20m a week because of burning more oil, the total cost of the strike to the CEGB was "more complicated than just multiplying that figure by the number of weeks for the strike."

The most significant factor was that the CEGB was currently buying much less coal than it would normally buy. It would not therefore be possible to say with confidence what the total cost of the strike bad been to the CEGB until after the strike was over.

When it did emerge, it was likely to disturb the £746m cash repayment which the industry was due to make to the Treasury under its negative external finance limit for 1984-85.

Even so, Sir Walter said he regarded the miners' strike as "a temporary aberration" which would not affect the CEGB's long-term confidence in coal as its principal fuel.


Mr Cecil Parkinson: hint of another Cabinet job

Parkinson likely to return

Financial Times Reporter

MR CECIL Parkinson, the former Trade and Industry Secretary, may return to the Government later in the life of this Parliament, but not in the expected autumn reshuffle of ministers, Mrs Margaret Thatcher said yesterday.

Mr Parkinson resigned last October after admitting that his secretary was expecting his child.

During a series of radio and television interviews at the end of the parliamentary session, Mrs Thatcher indicated her hope that the reshuffle would not be too great. She confirmed, however, that there might be a shake up at oiddle and lower levels of the Government.

"You always have to have a reshuffle at this time of year to enable young people who have great ambitions for climbing the political ladder to have their chance to come to the top, and that of course means some people have to relinquish their portfolios," she said.

Of Mr Parkinson, Mrs Thatcher said that she did not rule out bringing him back in the lifetime of this Parliament, but thought it would be a little too soon for him to come back in the reshuffle.

Mrs Thatcher continued to hold out the possibility that Mr James Prior might remain in the Cabinet even if he ceased to be Northern Ireland Secretary. Mr Prior, she said, "will continue to have a place in my Cabinet if he wishes to have it. He has been very good and we shall be very sorry to lose him."

N-stations are given a clean bill of heath

BY DAVID FISHLOCK, SCIENCE EDITOR

AFTER 250 reactor years of operation, the first generation of British nuclear power stations have just been pronounced remarkably fit for their age.

Painstaking appraisal of the health of the Magnox reactors, designed in the 1950s for a 20-year life, has convinced the electricity industry that they are good for at least 30 years.

Sir Walter Marshall, chairman of the Central Electricity Generating Board (CEGB), hinted yesterday that they might be good for 35 years.

Fears in the late-1960s that the Magnox reactors might be heading for an early death have been totally dispelled. Two of the stations are already 22 years old.

The CEGB "doctors" led by Dr Bryan Edmondson, director of the Nuclear Operations Support Group, have peered deep into 16 reactors and pronounced them fit for many years yet.

The most immediate consequence of extending their book life is to add £126m, to the board's operating profit last year.

This is because the heavy costs of decommissioning a nuclear plant and burying the radioactive debris can now be spread over another five years.

The CEGB saves as it goes towards these terminal costs – far higher than for fossil/fuell plants – so that they will not fall upon future generations of electricity customers.

MAGNOX STATIONS

	Start	Rating (MW)
Berkeley, Glos	1962	276
Bradwell, Essex	1962	245
Dungeness, Kent	1965	410
Hinkley Point A, Somerset	1965	430
Oldbury, Avon	1968	434
Sizewell, Suffolk	1966	420
Trawsfynydd, Merioneth	1965	390
Wylfa, Gwynedd	1973	840
Total		3445

The board has saved about £290m, towards the cost when it arises. It puts the economic benefit to its customers of another five years of life for eight nuclear power stations at £1bn to £1.5bn.

For the past three years Dr Edmondson, a metallurgist who previously managed the CEGB's Berkeley Nuclear Laboratories, has been leading a new operation designed to create a single pocket of top-level advice for the board on the health and welfare of Britain's nuclear stations.

Part of his brief as been to pinpoint the life-limiting factors of the CEGB's eight Magnox stations, the "workhorses" of UK electricity supply, as a previous CEGB chairman once called them. Between them, they provide the CEGB with 3,445 MW of electricity capacity.

The designers of the Magnox reactors had their own worries, one being corrosion of the massive graphite core of the reactor by the hot carbon dioxide coolant gas.

Since it would be impractical to replace the graphite, any deterioration would certainly end the life of the Magnox reactors. Their designers cautiously assumed a lifespan of 20 years.

In 1969, when the first Magnox stations were only seven years old, a new worry arose. Mild steel parts in the core were corroding much faster than the designers expected.

The answer was to reduce the operating temperature of most of the Magnox reactors. It was judged better value to run them at reduced electricity output rather than risk shortening their lifespan.

In the late 1970s another worry arose when cracks were detected in the hot gas circuit outside the core. They were thought to have been there since the parts were first made, brought to light only by better inspection techniques.

Nevertheless, the electricity industry undertook a £30m refurbishing programme of Magnox gas circuits.

James Capel tops Continental list

BY ALISON HOGAN

JAMES CAPEL and Scrimgeour Kemp-Gee have kept first and second place as the City's favourite investment analysts in the 11th annual survey of Continental Illinois Investment Corporation published today.

They gained the highest number of points and were also the only two firms to receive a "very good" rating for overall standards of research from 104 institutional investors with more than £120 billioo of funds under management.

Scrimgeour Kemp-Gee and Phillips & Drew, who kept third place, increased their share of the votes, closing the gap with James Capel.

Fielding Newson-Smith and Rowe & Pitman have re-entered the Top Ten while Hoare Govett and Savory Milln have slipped out, though still performing well in some of their specialist areas.

Gordon Pepper of W Greenwell has been toppled from the number one spot on gilts after 11 years by the Phillips & Drew team.

There are only two analysts who have consistently held the top position for their sector since the survey began, Julian Baring who researches gold at James Capel and John Hewitt, head of the Scrimgeour Kemp-Gee food retailing team.

Mr Hewitt's team remains top of the "super stars" for the fourth year with a record 183 weighted votes. Not too far behind is Bernard Lardner of Laing & Cruikshank with 179 votes for financial services and Ian McBean, assisted by Peter Large at Wood Mackenzie who gained 176 points for coverage of the distillers.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Bank	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Limited	12½%	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	12 %	Lloyds Bank	12 %
Banco de Bilbao	12 %	Mallinhall Limited	12 %
Bank Hapoalim BM	12 %	Edward Manson & Co.	13 %
BCCI	12 %	Meghraj and Sons Ltd.	12 %
Bank of Ireland	12 %	Midland Bank	12 %
Bank of Cyprus	12 %	■ Morgan Grenfell	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Norwich Gen. Tst	12 %
Beneficial Trust Ltd.	13 %	People's Tst. & Sv. Ltd.	13 %
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson & Co.	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Permn't Trust	12 %	Royal Trust Co. Canada	12 %
Cayzer Ltd.	12 %	■ J Henry Schroder Wagg	12 %
Cedar Holdings	12 %	Standard Chartered	‖12 %
■ Charterhouse Japhet	12 %	Trade Dev. Bank	12 %
Choulartons	12½%	TCB	12 %
Citibank NA	12 %	Trustee Savings Bank	12 %
Citibank Savings	¶12 %	United Bank of Kuwait	12 %
Clydesdale Bank	12 %	United Mizrahi Bank	12 %
C. E. Coates & Co. Ltd	12½%	Volkskas Limited	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser	12½%		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		

■ Member of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1-month 9.50%. Fixed rate 12 months £2,500 10.75% £10,000. 12 months 11%.
† 7 day deposits on sums of under £10,000 8¾%. £10,000 up to £50,000 9¼%. £50,000 and over 10%.
‡ Call deposits £1,000 and over 8¾%.
‖ 21-day deposits over £1,000 9¾%.
§ Demand deposits 8¾%.
¶ Mortgage base rate.

Telephone tapping a violation, say judges

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

GOVERNMENT-authorised telephone tapping in the UK has been condemned by the European Court of Human Rights in Strasbourg as a violation of human rights.

In a judgment delivered yesterday the 18 judges were unanimous that warrants for telephone taps authorised by the Home Secretary lacked clear safeguards and violated people's right to privacy.

The Home Office said yesterday the Government would take the judgment into account in determining the scope and content of proposed legislation due to be introduced in the next session of parliament.

The National Council for Civil Liberties welcomed the judgment and said if the Government did not legislate, it would introduce a private Bill outlawing telephone tapping, the interception of mail and the use of a bugging device without a warrant from a judge.

The issue was taken to Strasbourg by Mr James Malone, a former antiques dealer who, after two trials, was acquited in 1979 of handling stolen goods.

The same year he tried unsuccessfully to sue the police in the High Court, alleging that he had been kept under surveillance and his telephone tapped by the police since 1971.

Sir Robert Megarry, the vice-chancellor, dismissed the case, saying the police bad not broken the law. But, he said, telephone tapping "cries out for legislation."

Authority to tap telephones in the UK can be sought by the police, the security services and the Customs and Excise. It can be given only by the Home Secretary or, if he is absent or ill, by another Secretary of State. The tapping is carried out by the Post Office.

The Strasbourg judges said the procedures by which UK warrants were authorised and executed were somewhat obscure and open to differing interpretations.

'Jack' Weatherill eases doubts

Peter Riddell, Political Editor, assesses the performance of the Speaker in "frustration Parliament"

NO ONE will greet the long summer parliamentary recess with more relief than Mr Bernard Weatherill, the Speaker of the House of Commons. He is the MP who presides over parliamentary debates.

He has had a difficult first year or so in the Chair. Yet be can now relax with less apprehension and worries than seemed likely earlier this year, when there was considerable private criticism of his performance.

A widespread view was that be lacked authority and was not checking signs of gross disorder.

In the past few weeks, however, Mr Weatherill has begun to establish his position in a number of difficult situations. The word at Westminster is that "Jack," as he is widely known will "do."

Mr Weatherill looks unlikely to be seen as a great Speaker, lacking the sense of timing and the ability to make the apt joke necessary to achieve total command of the Commons. However, despite the continued nervousness, he has gradually turned his back on his bad period of the spring.

Questions about how a Speaker performs are difficult to define. They depend on the "feel" of the House, its continuing changing moods and the fine line between vigorous debate and disorder.

It would be wrong to say that Mr Weatherill has gained the respect of the awkward squad. Three dozen Labour left-wingers put down a motion criticising his decision on Tuesday to expel Mr Martin Flannery for referring to "tame Tory judges."

However, Liberal MPs countered with a motion supporting the Speaker and attacking those MPs who demonstrated "a persistent disregard for the values and traditions of parliamentary democracy," and pointing to possible links with the forthcoming elections to Labour's National Executive Committee.

The Speaker has, however, shown firmness in dealing with some recent offenders such as Mr Flannery and Mr Dennis Skinner. He also displayed some subtlety in defusing a potentially serious disruption by Mr Dale Campbell-Savours.

And he does not disguise his irritation with questions that go on for too long, slapping his order paper ostentatiously or tapping a pen.

His approach has not always found favour on either front bench. Ministers and shadow spokesmen alike have been furious on occasions about his decisions, yet that has won friends on the back benches.

Mr Weatherill is deliberately a defender of backbench rights, at times calling new MPs to speak before long-established members during questions and debates.

He also believes Parliament should be the main forum for debates on important issues, whatever the preferences of party leaders. Consequently, in a big departure from the practices of his predecessor, Lord Tonypandy (Mr George Thomas), Mr Weatherill has allowed frequent private notice questions. Such questions permit a topic of the day to be raised at very short notice by an Opposition spokesman or backbencher even if a minister does not plan to make a statement.

The change has begun to ensure that important issues are brought to the floor of the House of Commons, even though for many weeks the coal dispute was not debated.

One of the Speaker's main continuing difficulties is how to adapt a Parliament designed for two-party politics to a situation where there is a vocal and assertive third force.

The Social Democratic/Liberal Alliance still feels angry that Labour spokesmen are called first to reply to statements and in big debates and may speak for longer.

There is also a running dispute over the allocation of Opposition days, debates chosen almost entirely by Labour, over which the Speaker bas no control.

FT writers draw up their personal top ten

When you can't conquer . . . capitulate

TOP WEEDS
(Not in order of obstinacy)

Wood sorrel
Sheep's sorrel
Ground elder
Veronica filiformis
Allium triquetrum
Cleavers
Couch grass
Bindweed
Bracken
Horsetail

IN TIME one acquires some respect, however grudging, for worthy adversaries. Certainly I am impressed by the ingenuity of some weeds and the brute tenacity of others, though both have caused me a great deal of wasted time, effort and money.

I am fascinated by the delicacy with which a rather pretty wood sorrel *(oxalis)* with clover-shaped leaves and mauve flowers ensures that any effort to dislodge it simply ensures its efficient distribution.

This it does by making a central carrot-shaped tuber surrounded by hundreds of pinhead-sized bulbils, each hung on a thread so slender that it breaks away directly the plant is dug up and is immediately lost in the soil. I battled with it for four years without the slightest success until glyphosate (Tumbleweed; Roundup) came to my rescue.

Sheep's sorrel *(Rumex acetosella)*, which bas nothing to do with the wood sorrels and is mercifully confined to acid soils, uses a variant of this fissile means of escaping destruction. With great care it thread-like stems can be drawn out a few inches, but then break leaving fragments which rapidly proliferate.

Again it is glyphosate that bas come to my rescue, although a little less efficiently because this is such a diffuse plant.

Ground elder, *(aegopodium)* combines fragility and strength, the upper roots thin and brittle but others penetrating more deeply into the soil, much tougher and providing a reserve of growth even when the surface soil has been cleared. I fought it for 30 years with every herbicide that came my way, but to no avail. Yet again it is glyphosate that has proved most successful.

Twenty years ago I begged a single plant of Veronica filiformis from a friend because I liked its baby blue birdseye flowers. He warned me that I would live to curse him for the gift. I have lived to regret my arrogance in thinking that I could control the plant.

It has invaded acres of mown grass from which it is impossible to remove it and so I make the excuse that it provides a very attractive blue carpet for the daffodils. I was once told that tar oil fruit tree wash would kill it, but the treatment was not successful.

Allium triquetrum is an ornamental onion with clusters of white flowers at bluebell time, which behaves itself in some gardens but becomes a raging pest in others, by producing vast quantities of seed. Glyphosate kills leaves and bulbs and so helps to maintain some measure of control.

Until this year cleavers *(Galium aparina)* has been controllable by hand weeding but now it has suddenly developed into a major problem, enveloping everything in its long clinging stems and giving me and unpleasant rash on bare arms and hands.

Mecoprop, which is included in many selective lawn weedkillers to control clover, will also kill cleavers but it is barmful to most garden plants as well and it is difficult to know how to apply it selectively.

Couch grass is the most penetrating weed I know. Its underground stems are so sharply pointed that they will pierce straight through quite large roots, bulbs or tubers with the precision of a bradawl.

Paraquat (Weedol) kills it very efficiently and, if it can be applied selectively to the grass, one need look for nothing better.

An alternative is alloxydin sodium (Weed Out), which kills couch grass slowly but effectively without doing more than superficial damage to other plants.

Bindweed (various species of convolvulus) sends its fleshy white roots snaking deeply into the soil where they are out of reach of spade and fork but 2.4.D, a systemic herbicide commonly used in lawn weedkillers, will flow down into them and is a deadly killer. The problem is to get it on the bindweed leaves but not on the leaves of valued plants on which the bindweed is climbing.

Where bracken thrives it pursues its way relentlessly filling the soil with its tough black rhizomes and smothering plants with its big fronds. I have yet to find any means of eliminating it other than by repeated cultivation.

The toughest of all weeds and also the most ancient, for it was dominant long before the grasses started to evolve, is horsetail *(equisetum)*. This primitive plant with its reptilian growth has roots that can delve ten feet and more into the soil where they defy both chemical and mechanical attack.

No chemical I know of will do more than check it a little. The best course seems to be to capitulate and move elsewhere.

Arthur Hellyer

Tomorrow: The world's best hotels

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
3	4	5	6	7	8	9

Theatre

TOKYO

Cats (Cats Theatre). The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (320 1601).

My Fair Lady (Nissei Theatre): Toho company in the Japanese version with well-known cast: Kurihara Komaki as Eliza, Koyama Shigeru as Higgins. Eliza's father, played by Sakagami Jiro, is best known for his comedy roles. Directed by Terence Napp. (503 3111).

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

Measure for Measure (Barbican): Juliet Stevenson as Isabell confirms her promise as the RSC's brightest young actress, a worthy successor to Ashcroft and Dench, in Adrian Noble's resplendent production. (628 8795).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 6606).

Wild Honey (Lyttelton): Michael Frayn has reworked Chekhov's first play, usually known as Platonov, into an engagingly hilarious farce. This superb dramaturgical feat has Ian McKellen giving a brilliant performance at its centre and a shimmering design by John Gunter. The superb direction is by Christopher Morahan. (928 2252).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic with Makarova lifting her heels behind her ears and finding a brilliant opposite number in Tim Flavin. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

Aren't We All? (Haymarket): Rex Harrison and Claudette Colbert in a meagre rarity by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (930 9832).

NEW YORK

Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (877 6810).

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6282).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the apropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's *1936 sendup of Russian ballet tours*, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Music

VIENNA

Budapest Philharmonic Orchestra conducted by Andras Koros performs Liszt, Kodaly and Brahms. City Hall Arcade Courtyard (Tue). (42 800/2085).

Vienna Bach Ensemble: Albinoni, Bach and Handel. Schloss Schönbrunn. (Wed). (42 800/2085).

The Musicians' Orchestra conducted by Carlos Piantini with Ilan Rogoff, piano. Bernstein, Beethoven, Ravel and Tchaikovsky (Thur) Konzerthaus (72 12 11).

SALZBURG FESTIVAL

The Academy of St Martin-in-the-Fields conducted by Neville Marriner, soloist Barry Tuckwell: Richard Strauss and Beethoven (Mon) Large Festival Hall. (0662-42541).

BRUGES

Tallis Scholars and London Baroque: English Cathedral Music. Onze-Lieve Vroukerk, Bruges (Mon).

PARIS

Piano-duets: Schubert, Grieg, Dvorak, Brahms (Tue 6.30pm). Town Hall of the 5th Arrondissement, 21 Place du Panthéon, Métro Luxembourg.

German Baroque Music – Konrad Junghanel, Lute: J. S. Bach, Weiss (Wed 6.30pm). Musée Carnavalet, 23 Rue Sevigne, Métro Saint-Paul.

Orchestre de l'Ile de France conducted by Hubert Soudant: Beethoven, Mozart, Patrick Gallois, flute, Frédérique Cambreling, harp. (Wed 8.30pm). Saint-Merri Church, 78 Rue Saint-Martin.

LONDON

BBC Symphony Orchestra conducted by Gunther Herbig with Wolfgang Manz, piano, Brahms and Tchaikovsky. Royal Albert Hall (Mon). (589 9465).

BBC Concert Orchestra conducted by Christopher Seaman with Ian Hobson, piano, Ireland, Delius, Shostakovich, Bridge and Glazunov. (Royal Albert Hall). (Tue).

Royal Philharmonic Orchestra conducted by James Loughran with Nigel Kennedy, violin. Brahms, Dvorak and Johann Strauss II. Royal Albert Hall (Wed).

Schütz Choir of London and London Classical Players conducted by Roger Norrington with soloists. Mozart, Beethoven and Haydn. Royal Albert Hall (Thur).

Piano in Provence

La Roque d'Antheron 4th International Piano Festival until Aug 21 is in a Provençal village surrounded by immense forests.

This most prestigious chamber music festival plays host to Paul Badura-Skoda and Jorg Demus playing Mozart and Schubert, Youri Egorov playing from Chopin and Schumann to Zoltan Kocsis and Chick Corea, Alicia de Larrocha and Kun Woo Paik. An evening is given over to Vlado Perlemuter. Quatuor Talich arrives from Prague, and Murray Perahia, as soloist and conductor of the English Chamber Orchestra, ends the festival with Mozart concertos. Information and Bookings (42) 285252 and (42) 504232.

Exhibitions

ITALY

Venice: Amid continual justified complaints about the impossibly short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most – and will now be open every day (except Tue) from 12 to 6pm (also Sat from 6 to 9pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

Venice: Palazzo Grassi: This year, the historical section of Venice's Biennale offers a huge and splendid collection of painting, sculpture, furniture and pottery dating from the Viennese Secession. This was the Viennese version of Art Nouveau, which began as a splinter-group formed by Gustav Klimt in 1897. The exhibition includes Klimt's enormous Beethoven frieze, and the poster advertising the secessionist group's first showing in 1896 – then considered scandalous, but which led to Whistler's nominating him a member of the Society of Painters, Sculptors and Engravers of London. Also works by Oskar Kokoschka, Egon Schiele, Hoffmann, Mackintosh and the Glasgow School. Ends Sept 9.

TOKYO

China: Bronze objects and early printed books: over 50 items produced between Yin Dynasty (14th–11th century BC) and Ming (1368–1644 AD) including important cultural properties, Okura Shukokan Museum, opposita Hotel Okura, ideally located for breathing space in business schedule. Ends Aug 26.

German Art and Culture, Mediaeval to Modern: 164 items in an imposing and well selected exhibition of art and artifacts (painting, wood sculpture, textiles, everyday objects) from the German National Museum *in Nuremberg*. Tokyo National Museum of Western Art, Ueno. Ends Aug 28

Duane Hanson Polyester Sculpture: Contemporary American artist now working in Berlin exhibits interesting sculptures reminiscent of George Segal's work in plaster. Subjects include people from world of sports and everyday life. Isetan Museum, Isetan Department Store, Shinjuku, Ends Aug 14.

New Stone Age Earthenware from Shiono collection: 300 items of pottery from the Jomon period (about 4000–250 BC). The important collection is *mainly* from excavations in Tama, Tokyo Suburbs. Tokyo National Museum. Ends Sept 16.

PARIS

Charles Schneider – an artist with glass and a magician with colours – began with Art Nouveau and its floral themes to become a pioneer of Art Deco with its geometrical design in his vases, goblets and lamps in rich hues. Louvre des Antiquaires, 2 Place Palais-Royal, 11am – 7pm. Closed Mon, Ends Sept 16.

Musée de l'Orangerie. The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie museum – the pendant to the Jeu de Paume. The museum houses 144 works from Impressionism to the 1930 period. Renoir is richly represented with 24 of his paintings – among them the well-known Young Girls at the Piano, Cezanne with 14 paintings, Matisse with 11. The public will be delighted to be able to view again Douanier Rousseau's Wedding Party and The Cart, Picasso's Women Bathing and other favourites. Musée de l'Orangerie, Metro Concorde, 9.45am – 5.15pm, closed Tue (265 9940).

Klimt, Kokoschka, Schiele – 90 drawings and watercolours by the three masters of the "secession" movement whose eroticism or anguished violence scandalised Imperial Vienna at the beginning of the century. Hotel de Ville, Salle Saint-Jean 11am–7pm, closed Tue, ends Aug 12 (276 4066).

De Kooning – to celebrate the 80th birthday of the pioneer of abstract expressionism. Beaubourg presents a retrospective of 80 paintings, 100 drawings and seven sculptures, showing the astonishing facility with which the Rotterdam-born artist changed styles during his long America-based career from lovely portraits, to nudes, and to abstracts. Centre George Pompidou, closed Tue. Ends Sept 24 (277 1233).

LONDON

The Tate Gallery: The Hard-Won Image – this summer's sequel to last year's New Art – is a personal survey by Richard Morphet, of the Tate, of British figurative painting and sculpture from the late 1950s to the present. It is a useful and even important show, for it makes the point almost in spite of itself that figurative art, far from being revived in recent years, never actually went away. The strength in depth of our figurative artists in this period is indeed gratifying. Bacon and Moore are the presiding masters; Hockney, Kitaj (honorary Englishman as it were), Andrews, Blake all predictably, and rightly included; Symons, Greenham, Collins, Weight, Harman and Lessore brought into deserved prominence; and the stars are Uglow, Freud, Auerbach, and Kossoff most of all. Endes September 9.

The Royal Academy: 216th Summer Show – by tradition the event that brings in the London Season, and the middle classes in their masses. It is always something of a muddle, as would be any show of many hundred works chosen from several thousand sent in. This year, with 1,757 from more than 12,000, the Summer Show is the largest ever. But it is still enjoyable, if you can take the terrors as they come, and make the effort to look for the very many good things by Academicians and outsiders alike. The Academy's membership has been gaining in strength over many years, and now has rather more than a fair claim to occupy the centre of the British Art Stage. Peter Blake, Eduardo Paolozzi, Allen Jones and John Hoyland are only some of the most recent elections. Ends August 19.

NEW YORK

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.

Whitney Museum: 60 oils of landscapes, interiors and portraits by Fairfield Porter conclude their nationwide tour in New York. Part of a reassessment of this realistic painter who died in 1975 in a period of relative neglect, the show has a large selection from the painter's last period, when Impressionistic strokes captured New England landscapes and domestic scenes. Ends Aug 19.

Guggenheim Museum: 85 sculptures and works on paper from the permanent collection cover Degas to Calder, and include Arp, Brancusi, Giacometti, Modigliani, Moore and Miro. Ends Sept. 9.

WEST GERMANY

Frankfurt, Städel, 63 Schaumainkai: Ulrich Rückriem, a contemporary German sculptor, is exhibiting eight stone sculptures from the last two years most never shown before. Ends Aug 19.

Munich, Villa Stuck, 60 Prinzregentenstrasse: A survey of the work of Oskar Schlemmer, the German Bauhaus teacher (1888 to 1943). Another exhibition is dedicated to Albert Welti, the Swiss painter (1862 to 1912), concentrating on one of his major paintings and preparatory drawings. Both end Aug. 19.

Berlin, Brücke Museum, 9 Bussardsteig: "1984 – a year with Karl Schmidt-Rottluff" has 150 water colours from the expressionist painter's estate and works from other museums. Ends August 26

Hamburg, Batig, 39 Foyer Esplanade: Also at the occasion of Schmidt-Rottluff's 100th anniversary 85 wood carvings, etchings and lithographs by the artist are shown here. Ends Aug 10.

Essen, Folkwang Museum, 41 Goethestrasse 41: The touring exhibition has 90 pastels from between 1974 and 1984 by Francesco Clemente, the Italian painter. Ends Aug 12.

Berlin, Neuer Berliner Kunstverein, 58 Kurfürstendamm: 1984 – the Orwell year – expressed through installations by six contemporary artists depicting antimilitarism, anxiety, threat and anonymity. Ends Aug 18.

Bremen, Kunsthalle, 207 Am Wall: Nearly 90 new works by Hamburg artists – among them Horst Janssen, Almut Heise, Verena Vernunft, Franz Erhard Walther and last but by no means least Paul Wunderlich. Ends Aug 12.

VIENNA

The Cliche and the reality of Viennese women in their fight for emancipation at the turn of the century. Hermesvilla, Lainzer Tiergarten. Until March 1985.

Drawings of Gustav Klimt: This exhibition shows an unusual aspect of Klimt. Instead of the more well known heavily gilded and decorated canvasses, here are pencil sketches and monochrome lithographs. They include illustrations from the journal of Vienna's Secession Movement in which Klimt broke new ground. Best of all are his spare and casual portraits of women in a variety of moods: impassive but for the tensely clasped fingers or relaxed and sensual. A delicate profile of his sister and a portrait of his sweet-faced daughter strike a more homely note. All Klimt's subjects are treated with the respect and dignity they receive in his larger and more opulent works which many of the drawings here prefigure and which can be seen elsewhere in his native city. This exhibition is a marvellous accompaniment. At the Vienna City Historical Museum, Karlsplatz. Until 16 September.

INNSBRUCK

"The Tyrolean Nation 1790–1820": Prints and paintings illustrate the Tyrolean peoples' fight against Napoleon and their fruitless struggle for nationhood under their charismatic leader Andreas Hofer. At the Tyrol Provincial Museum, Innsbruck, until 14 October.

Opera and Ballet

WEST GERMANY

Bayreuth: Bayreuth's festival until August 29. This week of performances starts with Götz Friedrich's production of Parsifal. It has Peter Hofmann in the title role and Waltraud Meier as Kundry. The Flying Dutchman is a Harry Kupfer revival, conducted by Woldemar Nelsson, and has last year's highly acclaimed Simon Estes in the title role. Wolfgang Wagner's production of Die Meistersinger von Nürnberg features Wagner specialist Bernd Weikl as Sachs, Manfred Schenk as Pogner and Hermann Prey as Beckmesser. Musical director is Horst Stein.

VIENNA

Die Fledermaus *conducted by Rudolf* Bibl at the Staatsoper (Wed). (53 24/26 55).

Strauss's Vienna Blood (Mon, Tues, and Wed) and Mozart's La Finta Giardiniera (Thur, Fri and Sat) performed by the Vienna Chamber Opera at the Schönbrunn Palace Theatre (85 98 93).

Bernd Weikl: appearing at Bayreuth

NEW YORK

New York City Opera (New York State Theater): The company's 40th season continues with The Barber of Seville, conducted by Christopher Keene, directed by Toby Robertson, with Judith Forst as Rosina and Frederick Burchinal as Figaro, and La Bohème, conducted by Imre Pallo, with Maryanne Telese as Musetta and Richard Leech as Rodolfo. Carmen, The Magic Flute and Madame Butterfly will also be performed. Lincoln Center (870 5570).

SALZBURG FESTIVAL

Idomeneo. James Levine conducts the Vienna Philharmonic and the Vienna State Opera Choir with Luciano Pavarotti, at the Riding School Concert Hall (Thur).

Macbeth. Riccardo Chailly conducts the Vienna Philharmonic, the Vienna *State Opera Choir and the Sofia* National Opera Choir with Piero Cappuccilli, Nicholai Ghiaurov, Ghena Dimitrova and Margaret Lilowa, at the Large Concert Hall. (Wed).

Berio's Uo Re in Ascolto. Lorin Maazel conducts the Vienna Philharmonic with Karan Armstrong, Anna Gonda, Theo Adam and Thomas Mosek at the Small Festival Hall (Tue).

Cinema/Nigel Andrews

Miscellany under the volcano

Taormina Film Festival
Lonely Hearts, directed by *Paul Cox*
P'Tang Yang Kipperbang, directed by Michael Apted
Those Glory Glory Days, directed by Philip Savile
Bleak Moments, directed by Mike Leigh

There is a theory at the Taormina Film Festival that the rumblings of nearby Mount Etna are in direct proportion to the quality or otherwise of the festival's movies. In a good year the volcano lies quiet as a pussy cat, wreathed in smiling cloud and with a few token nuffs of mild criticism. In a bad festival it goes bright-red and bananas and starts hurling warm cinders in the general direction of the Taormina Roman amphitheatre where the nightly screenings take place.

This year Etna spent the first three days in just such a fury and then gradually calmed down. The soothing influence was undoubtedly the First Prize winner, Tony Gatlif's *Les Princes*, a magnificent debut film that sallies across France, limning a tale of gypsy life that's like a cross between *Il Trovatore* and *Easy Rider*. Gatlif is himself a gypsy and he's not afraid to hang out a message or two, protesting through his persecuted characters about the race's harassment and social ostracism as they're humped on from village to village, camp-site to camp-site. But he doesn't flatter them either. The hero is a moody roughneck (Gérard Darmon) stringing along the roads with a ragamuffin daughter and a rascally old Mum (Muse Dalbray) who leaves no profitable palm unread and from whom no plate of unattended *couscous* seen through an open restaurant window is safe.

The film is grandiloquent and operatic (a love-scorned madman keeps crying "Madeleine!" in a midnight wasteground), *funny and unquenchably* energetic. It set a standard that other Taormina films tremblingly tried, and mostly failed, to approach.

Wedged between Cannes and Venice, the festival still has giant problems corralling quality product which hasn't already been seen at the first or isn't being jealously saved up for the second. Taormina programme chief Guglielmo Biraghi's policy of devoting the Competition exclusively to first and second films allows for surprises and discoveries that might slip through the net of other festivals, but also for gauche beginners' works that those festivals wouldn't even try to catch.

This year's programme was typically rangy. Flying in from Norway, Sweden, New Zealand and Britain were four well-crafted films amply fitted for international exposure. Anja Breien's *Papirfulgen (The Kite)* shown in the non-competitive Information Section, is a memory-*jigsaw* movie with a young lawyer, heroine (Elisabth Mortensen) who tries to fit together the pieces of her father's death. He, an old actor, threw himself off a balcony (at his home, not in the theatre) covered with cheques like a human kite.

The film slipstreams through failed business deals, incest, cocaine and beautiful aquamarine lighting, navigating an emotional detective story that is Breien's best film since her first, *Wives*.

Sweden's *The Dark Side of the Moon*, directed by Lennart Hjulstrom, is also superbly lit and designed. But the 1880s-set story is less lambent, being the will-they-won't-they-get-it-together romance between a plain lady mathematician and a philandering Professor (*Elvira Madigan*'s Thommy Bergrren). "Charlolle Brontë slept here," one felt like murmuring in the film's more sedative moments. Handsome to look at, though, and it nabbed the festival's second prize, the Silver Cariddi.

Britain's *Secret Places*, already reviewed in these pages, won admiration and an acting prize for Tara McGowran. And New Zealand's *Constance* is one of those cinematic nut sundaes that are decorative, overrich, fun and indigestible in equal proportions. The dotty-indefatigable young heroine (Donogh Rees), who clearly thinks she's the Zelda Fitzgerald of Auckland society, goes about in postwar NZ maddening men, mocking manners and saving the last waltz for herself, even though most people have usually left by the time her partying spirit pesks. The film is shot in delirious *haute couture* tableaux, like a Vogue Antipodes edition. It won third prize and I would have given it second.

Daryl Hannah and Aidan Quinn in "Reckless" —rebels on a motorbike

Around the remains of these relative colossi, however, the lone and level also-rans stretched far away. Gabor Body's *Night Song of the Dog* is a long, darkly photographed and deeply unyielding Hungarian allegory that prompted rude remarks about how to dispose of the Body. *El Caso Almerio (the Almeria Affair)* from Spain is a real-life assassination mystery about a murdered General (Valenzuela, in Madrid, 1981). At once overwrought and rambling, it is like an elongated version of Z and perhaps should be warningly retitled Zzzz.

Better, but only just, were Rafal Zielinsky's *Hey, Babe!* from Canada, enforcing an unlikely but lively *pas de deux* between teenage New York punkstress and would-be dancer Yasmine Bleeth and snow-haired Broadway ex-agent Buddy Hackett, and Marva Nabili's *Nightsongs*. This Chinese-American verité-style tale of an immigrant Oriental family in New York has good moments but they are sandwiched between equal moments of *ennui* and *l'inoui*; especially those involving the "*poetry*" of a Vietnamese lady cousin which is read out over the soundtrack and sounds like Paul Verlaine translated by Barbara Cartland. But the Iranian-U.S. Miss Nabili has a good eye for casual scenes that yield a more than casual meaning.

The Taormina festival is still mined with terrible no-go areas, esthetically speaking. The Second American Film Week introduced some hit U.S. movies to the Italians, *Splash* and *Beat Street* and *Romancing, The Stone*, but followed them up with a couple of clinkers new to us all. James Foley's *Reckless* is a rebel-on-a-motorbike movie made 30 years too late and Sidney Furie's *Purple Hearts* is like *Dr Kildare* goes to Vietnam. Maestro Biraghi, the soul of courtesy and helpfulness himself, must up the general standard of celluloid if he is to keep the wrath of Etna at bay and the enthusiasm of critics and film-makers still bubbling.

*

Best of the London films this week is Paula Coxs *Lonelyhearts* Cox made the recent *Man of Flowers* and this earlier movie also stars the dapperly distrait Norman Kaye, as a bachelor seeking someone to share his heart and hearth with. Enter Wendy Hughes, aloof and goofy-eye but with beautiful bone-structure (she looks like Kay Kendall after eating something), and across the screaming caesuras of an amateur production of Strindberg's *The Father* they fall in love. Then out of it, then in again. Cox has a film-maker's best gift, that of patience. No moment of comedy or pain or emotional vicissitude is snatched, each is waited for, and the film is both funny and tender.

Elsewhere the week is a tale of revivalism. The nuttily likable "First Love" story *P'Tang Yong Kipperbang* (director Michael Apted, writer Jack Rosenthal) in harness with the school-and-soccer romp *Those Glory Glory Days* (director Philip Savile, writer Julie Welch) rise up from the television screen and float into the Classic Haymarket. And theatre and TV genius Mike Leigh's first, only and excellent feature film *Bleak Moments*, which is like Edvard Munch beamed into British suburbia, is recalled for several séances at the ICA. Recommended.

*

No necromancy, alas, can restore James Mason to our screens. Mason was a wonderful tonic in wartime and postwar British cinema. No tweedy stiff-upper-lip merchant he, but a varnished rogue with a Byronic, handsome face and a voice at once smooth and spiked like Irish coffee. Hollywood squandered him when he went thither in the late '40s, which is entirely their loss, but at least three films showed what an international star he could have been: *A Star Is Born, North by Northwest* and *Lolita*.

His British films were best, however. From *The Seventh Veil* and *Odd Man Out* to *The Deadly Affair and Dr Fischer of Geneva* (soon to bow on BBC TV and containing Mason's splendid swansong as Graham Greene's evil genius playing God in a Swiss chateau), Mason was the only actor who could turn a snarl into a purr and back again in a single phrase, or even word; and who could also suggest that the cads and corrupters of this world—from Humbert Humbert to Dr Fischer—are as much a part of suffering humanity, needing grace, as the virtuous downtrodden. He gave British cinema a dash of true glamour and mystique, and there is no visible replacement.

James Mason in "Dr Fischer of Geneva" —no visible replacement

The Mystery Plays/Coventry

Martin Hoyle

Two years into the Wars of the Roses the embattled Queen Margaret was disappointed when dusk curtailed the day-long cycle of Coventry Mystery Plays and the doubtless gratifyingly retributive Doomsday was cancelled—hers was postponed for another bloody quarter-century.

Of the original 10 only two plays survive. Keith Miles has added extracts from other cycles including the misnamed *Ludus Coventriae* whose 42 episodes are now attributed to East Anglia, not Godiva's city; and Robert Hamlin directs the Belgrade Theatre company in a revival of the only professional presentation of mediaeval mysteries.

In place of the carts (the original "pageants") the drama unfolds in the ruins of the old cathedral. A promenade performance entails the conscientious critic scuttling from one end of this lovely stone shell to the other as Herod's court, temple and shepherds' pasture materialises. There are unpredictable bonuses: Herod's decision to massacre the innocents was greeted by a sudden metalic chatter of outrage from roosting starlings glimpsed through Gothic tracery skirling across a cloud-driven sky.

The language is discreetly modernised while keeping the original flavour. "I glare, I stare; I rage, I rave," storms Conrad Asquith's Herod, while Mary (Karen Davies) sends Joseph for two turtle doves as to the corner-shop for fish fingers, perfectly catching the everyday mediaval mix of mystic and domestic. Her Byzantine oval of a face has the right look of started sanctity, as of one who has had goodness thrust upon her but isn't complaining.

Forty locals provide the crowds—the mainly female mob who put the boot in after Christ's arrest are frighteningly violent. As darkness falls the ruins work their magic, and the production uses the length of the nave tellingly. Jesus (Michael Mears, tough and intense as in Pasolini's Gospel film) yells to rouse the dead Lazarus who impressively emerges from the old taltar, burial bandages flapping. Only the canned music here seems oncongruous, especially as the live singing is excellent throughout.

Other plessures include a shaggy white donkey for Palm Sunday and a massacre of the innocents where the soldiers plunge their swords into the little bundles to withdraw them festooned with red streamers (I bet the poulterers' guild provided messier props in the original). John Bell's costumes combine, beautifully aptly, peasant drapery with fairground trumpery, as in the red, blue and gold braid

BBCSO/Albert Hall

Dominic Gill

Better, as it happened, to have listened at home on Radio 3 to Wednesday's Prom than in tha Great Mushroom itself—for two parts at least of the BBC Symphony Orchestra's three-part programme consisted of music rendered crucially flat in effect, and robbed of much of its vital detail, not by its performance but by that infamous, murky acoustic.

Some music it suits: full orchestra, in the right repertory, can be impressive; voices, solo and choral, warm to it; some chamber ensembles (as long as they have plenty of sustaining instruments) can take on an attractive bloom. A percussive ensemble, on the other hand, or any band which stirs up the echoes by using electric amplification, is smothered in fine acoustic dust. Just such a soft, pervading dural blanket enclosed the entire performance, by Messrs Bridge, Higgins, Fry and Holland, of Bartok's Sonata for two pianos and percussion. Was their playing fact quila often too literal-minded, unatmospheric? One could never be quite sure.

I had looked forward greatly to hearing again Berio's *Sinfonia* — that exuberant masterpiece for amplified voices and orchestra which, together with *Laborintus II*, represents his best and most characteristic work of the 1960s. Both have a vivaciousness and a brilliant instinctive dramatic flair that Berio never really surpassed, nor in some respects ever equalled. In so far as I could perceive through the maze of bouncing echoes—much of *Sinfonia*'s texture is very busy and exceptionally dense, though beautifully balanced in the right acoustic—Elgar Howarth directed his forces, who included the virtuoso vocal ensemble Electric Phoenix, with admirable sense and precision. But the sound-mix, the subtle blends of timbre, instrumental and vocal, spoken and sung, were rarely as I remembered them, and rarely precise.

The two short works for orchestra by Harrison Birtwistle at the start of the evening emerged relatively unscathed. *Three Movements with Fanfares* and *Nomos* are roughly contemporary with *Sinfonia*, but inhibit another sound-world entirely—restless, fragmented, more motivic (and motor-driven) than lyrical, rough, sparkling gems. *Nomos* in particular, the sharper cut and more complex of the two, summons images of an immense molecular process, scene of endless changes and transformations only partly understood, worked irresistibly to its conclusion. Neither piece has an easy, nor an immediately attractive or coherent, surface; both have a strangeness, and a dark resonance, which only after several hearings begin to work their sombre magic.

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No miracle in Germany

ON THE FACE of it few countries should today have better economic prospects than West Germany. By the criteria currently accepted by most of the world's governments, the conservative administration of Chancellor Helmut Kohl has done nearly everything right.

It has slashed its structural budget deficits and cut public spending. It has virtually defeated inflation with a tough, but pragmatic, monetary policy. It has persuaded workers to accept pay increases at or below the inflation rate, enabling industry to cut unit labour costs, improve its international competitiveness and restore the share of profits in business added value to the highest level since 1970. It has increased the proportion of investment in the economy's activity, at the expense of both government spending and consumption. And even the impact of external economic developments on Germany's domestic economy has been generally helpful, contrary to widely-held belief.

Yet what Germany has to show for all its virtue, according to the report produced this week by the Organisation for Economic Co-operstion and Deevlopment, is a lacklustre growth rate of 2.9 per cent this year, edging down to 2.7 per cent in 1985; and unemploymeot at double its 1980 level, with no significant improvement in sight.

Potential

How long will German public opinion accept unemployment rates in the 7½ to 8 per cent range? And what are the chances of an improvement in growth and job prospects for the rest of Europe, if the German economy continue indefinitely to operate will below its potential output?

The first of these questions may be beyond the powers of prophecy possessed by the OECD (or anyone else; but it hasc to be raised nonetheless. Stabilising unemployment at, or even sligbetly below, the current level is simply not ambitious enough as an objective for long-term economic management in Germany and other European countries. And in countries like Germany, where inflationary expectations are well under control and the relationship between wages and profits is moving in a healthy direction, the long-run benefits, in terms of jobs and output, of the current period of economic consolidation should not be postponed indefinitely.

The present high-unemployment equilibrium in the German economy is less than satisfactory for the rest of Europe and the world, as well as for Germana themselves. The importance of the German market, particularly for its European partners, is such that it is very hard to imagine a significant improvement in Europe's economic performance which is not led by Germany. But what is somewhat ominous about the projections for the German economy producedl by the OECD is that on present policies, Germany's own domestic prospects seem to depend very largely on the pressure of foreign demand: the OECD sees the growth of Germany's domestic demand falling from 2.2 per cent this year to 1.8 per cent in 1985. It is only the rajid growth of exports which allows Germany to notch up its 2.7 per cent overall growth rate.

Unfortunately, the biggest factor which enablea the OECD to project this kind of export-led growth into next year is the "technical assumption" that the dollar will remain at its present stratospheric level and the U.S. economy will continue growing. Without the export boost which resulted from the appreciation of the dollar since 1980, Germany's GNP might have been 1.5 per cent lower by the end of last lear and unemployment nearly 1 per cent higher. Another calculation, relegated to a footnote in the OECD's report, shows that without the boom in domestic demand in the U.S. Germany's output woold have suffered even further: if the U.S. had grown at the same rate as Europe, Germany's GNP would be 1.1 per cent less than it is this year.

What these and other calculations presented by the OECD suggest is that the world may face another economic downturn if Germany si unable to take over a leading role in the international economy once the boom in the U.S. subsides. The need for Germany to be able to sustain more rapid growth without inflation adds to the urgency ofr some of the microeconomic suggestions—such as the expansion of equity capital markets and the elimination of production subsidies to declining industries—suggested by the OECD. But it also makes it essential for Chancellor Kohl to heed the OECD's veiled warning against overdoing his fiscal retrenchment: "It is an important task of policy to consider any tendency for an undue slowdown of the recovery."

Too much water is leaking away

THERE IS something faintly preposterous about the occurrence of a drought in Britain, an island not too far outside the Arctic Circle with a decidedly wet climate. It seems a mystery at first sight to know why such a wet and rainswept island, in which Wimbledon, Test matches and picnics are all high-risk arrangements, runs so quickly into water supply difficulties.

One way to try to solve the problem might be for the Government to appoint a Minister for Drought at which point the heavens would surely open. (Mr Denis Howell made his name when Labour was in power: he was made Minister for Sport in England won the World Cup; he was made Minister for Drought and it promptly poured.) Similarly, if a survey showed that, contrary to trend, English families were planning to holiday in Britain rather than abroad during August it is a fair bet that downpour upon miserable downpour would follow.

Geographic

But there are some more serious aspects to the country's physical incapacity to be able to guarantee a year-round water supply.

The principal problem is a geographic one. The nature of a small island is not ooly that it attracts substantial rainfall but also that it loses it quickly. There are few high snow-capped mountains, no glaciera and few large natural lakes. Most parts of the island are narrow, so that rivers run very quickly to the ocean. Storage has to be aided through the often controversial construction of reservoirs and dams.

That is only part of the problem. About a quarter of all available water put into the supply ia lost through leakage. This problem will increase the longer major repair and renewal of the piping system is denied the large level of public investment it requires.

A similar indication that it is the supply system rather than the available water which is the problem comes from the regional variations. Reservoirs serving the London area are more than 90 per cent full; Keilder Water, Europe's largest man-made reservoir, can service 4m people and its reserve capacity ia such that the Northumbrian Water Anthority is still able to export

Meanwhile Cumbria, parts of Wales and the west country are about to have supplies cut and rationing through street standpipes is imminent.

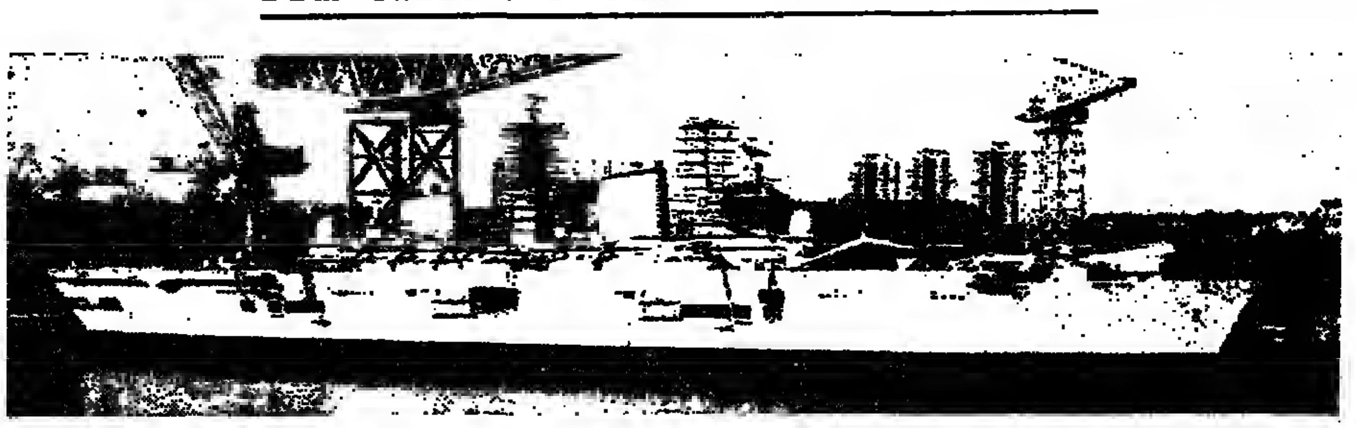
Some regions are running into difficulty more slowly than others because they have developed a mini-grid systems for transferring water. The contrast between the parched and cracked mud flats in some areas and brimming reservoirs in others suggests that more attention needs to be paid to grid systems. The water authorities not unnaturally jib at the £6bn estimated cost of a national grid and it is doubtful if a huge project of this kind would make economic sense, despite its employment-boosting attractions. A more realistic move might be to encourage many more of the local and regional mini-grids to be established.

Ideally, something should have been done earlier, perhaps after the major drought of 1976, in which case costs would have been lower, the construction and allied industries would not have been so savagely battered by the recent recession and this year's summer could have been enjoyed without worry

Yet if droughts such as this are to occur two or three times a decade some action clearly needs to be taken, not least because of the deleterious effects on agriculture. The urgent need is for the water authorities to take more seriously the problems of supply leakage.

The loss of around £45m worth of water through leakage every year, together with 500,000 kilometers of water mains snd service pipes needing an estimated £100m of renewals, is a p--'-lem on a scale which cannot be solved by the equivalent of rain dances and invoking the rain spirits—even if that, like Mr Howell, were to conjure up torrential rainfall.

PRIVATISING UK WARSHIP YARDS



Last of the Royal Navy aircraft carriers on order—HMS Ark Royal under construction at Swan Hunter's Tyneside Yard

A delicate launch into murky waters

By Ian Rodger

THE SELLING of the British Shipbuilders warship yards presents the Government with some of the most awkward problems yet encountered in its ambitious privatisation programme.

Like most defence equipment suppliera, the warship yards are highly profitable. In 1982-83, Vickers Shipbuilding, the largest of them, had a pre-tax margin of nearly 8 per cent and a return on capital employed of 59 per cent.

But potential buyers, including former owners, will approach them very warily. Warship building is a specialised business, with cycles of up to 10 years from orders to completions and lots of room for problems in between. Moreover, the UK industry is almost entirely dependent on one customer, the Royal Navy.

Current UK defence policy implies a significant reduction of warship orders over the next few years, except for submarines, which means that overcapacity could develop. Also, one consequence of privatisation will be an increase in real competition between the yards.

The fear of re-nationalisation by a future Labour Government has been raised in most privatisation cases, but it has special strength in this instance. Three of the former yard owners are still appealing against compensation terms received in 1977 when the Labour Government nationalised the yards, and they worry about the prospect of receiving what they consider a poor deal a second time round.

Given these and other complicating factors, it is not surprising that the Government has decided to offer the seven yards for sale by direct tender rather than risk a stock market flotation.

The attractiveness of the yards varies considerably. The Vickers yard at Barrow-in-Furness is in the strongest position, having the main design and engineering shops and being the only one that makes nuclear and conventional submarines. It has a good order book for nuclear hunter killer submarines for the Royal Navy and will make the submarines and some missile tubes for the huge Trident nuclear programme.

It also has some export prospects if an aggressive management decides to pursue them. Vickers' last major export sale was of three Oberon class diesel powered submarines in the mid 1970s to Israel. Other earlier customers include Australia, Brazil and Canada. Australia is now in the initial stages of seeking tenders for four to eight replacements for its six Oberons and Vickers is competing with its new type 2400 diesel powered sub against French, Dutch, Swedish and two West German yards for the order.

In the nuclear submarine field, there are very few customers apart from the Royal Navy and the only real alternative suppliers are in the U.S. Mr Graham Day, chairman of British Shipbuilders, is confident that Vickers could beat them in any open tender.

At the other end of the scale, the three yards which make small ships, Vosper Thornycroft, Hall Russell and Brooke Marine, have good home order books and considerable export potential. Governments in Africa that would tremble at the prospect of paying £110m for a type 23 frigate show great interest in a £40m Vosper fast patrol craft equipped with four Exocet missiles.

Vosper, Hall Russell and Brooke export a wide range of small, fast patrol boats to developing countries, competing against several foreign suppliers, including Blohm and Voss of West Germany, the Haifa shipyard in Israel and French, Spanish and Italian yards. Exports account for over half of Vosper's turnover.

THE WARSHIP YARDS THAT ARE UP FOR SALE

Company	Location	Products	Turnover £m 1983–4	Turnover £m 1982–3	Trading profit £m 1983–4	Trading profit £m 1982–3	Employment average 1983–4
Vickers	Barrow-in-Furness	Diesel, electric and nuclear submarines, major surface warships, naval and military armaments, missile launchers, components	226.8	205.4	21.2	18.3	12,390
Yarrow	Yarrow	Destroyers, frigates, corvettes, logistics, ships, minesweepers	99.6	79.1	11.2	7.9	5,540
Vosper Thornycroft	Southampton	Destroyers, frigates, corvettes, fast strike craft, minesweepers	81.0	104.3	2.7	4.5	4,790
Swan Hunter*	Wallsend, Tyneside	Naval surface ships, naval auxiliary vessels	54.9	62.1	3.4	9.1	7,584
Brooke Marine	Lowestoft	Patrol boats, survey vessels, small naval craft	31.6	36.5	(1.6)	0.5	827
Cammell-Laird*	Birkenhead	Naval surface warships, submarines, naval auxiliary vessels and refits	24.9	21.5	3.2	3.1	4,009
Hall Russell	Aberdeen	Naval auxiliary and patrol vessels	17.9	15.3	0.8	0.6	758

* Turnover and profit figures are for warship activities only, but employment is the total in the yards. Warships accounted for slightly over half the turnover of both yards last year.

Source: British Shipbuilders

The frigate sector is probably the least attractive for any purchaser, Vickers, Yarrow, Vosper, Swan Hunter and Cammell Laird can all make frigates and, presumably, once privatised, most would compete for Navy contracts. That is exactly what the Government wants, but potential buyers of these yards will want to be assured that the MoD is also concerned about the long-term welfare of the industry. If price bidding became too fierce, a few yards could go to the wall, forcing the MoD to deal with a near monopoly again.

Overcapacity and price cutting could well emerge anyway because the Navy is scaling down its surface fleet. No more aircraft carriers are to be built after the completion of the Ark Royal at the Swan Hunter yard, and the level of frigate orders is going to be lower than in the 1970s. However, capacity has been declining. In 1965, there were over a dozen yards capable of building big naval ships. Today, only five remain, and Cammell-Laird's future is very uncertain.

The frigate sector is also one in which there is some potential foreign competition, not only from U.S. yards, but also from France, West Germany, Italy and Spain. In other areas of procurement, the MoD has been opening the field to foreign competition.

Initially, this produces excellent results, inciting British contractors to reduce their prices. But in the longer term there are other issues. Foreign companies cannot be used just as negotiating pawns. If the invitations to them to bid are meant seriously, they will have to be given some good contracts or they will stop coming. Also, if British companies' margins are shaved too finely, they may be less able to survive and innovate.

The plan being pursued by BS and its advisors Lazard Brothers is to invite bids in the late autumn. Prospectuses will be published, detailing the financial and business position of each yard, but no indication will be given of the target price being sought.

Mr Day says bids will probably come from former shipyard owners, suppliers to the yards seeking vertical integration and employee groups. The employees of Brooke Marine, for example, have already made a firm offer for their company. BS expects various permutations with, perhaps, one company bidding alone for one yard, but also in consortium with others for a group of yards.

If the Government is dissatisfied with all the bids for any yard or group of yards, it may order BS to attempt a flotation on the Stock Exchange. However, Mr Day made it clear that this applied only to the "one or two yards that would have credibility. It would be infinitely easier to float Vickers than Brooke," he remarked.

Management buyouts seem the most likely course for the small yards, Brooke and Hall Russell, while the three large traditional warship yards, Vickers, Vosper and Yarrow, could well end up with their former owners. Vosper, which still manufactures small warships in Singapore, says it is "probably" only interested in its former Southampton yard, but would look at any consortium proposals.

The three are still challenging in the courts the compensation paid to them on nationalisation. For Vosper and Yarrow, which are quite small companies, the fact that they have not yet received the compensation they believe they are owed may mean they cannot afford to pay enough to buy their yards back. And if they did buy them back, they would be very nervous about a future renationalisation.

In a letter to the FT published on Wednesday, Mr Peter Yarrow and Mr Norman Yarrow—whose family founded the Yarrow group, noted that the present Government was arguing that the European Court of Human Rights had no jurisdiction over the compensation cases. "If (it) is found to be correct, there will be no remedy left for any British shareholder whose assets are nationalised by a future Labour Government with nil or totally inadequate compensation," the Yarrows wrote.

Other potential buyers include some of the major defence contractors. Up to 75 per cent of the value of a warship is in the equipment installed in it and much of that is electronic equipment made by companies such as the General Electric Company's Marconi subsidiary, Ferranti and the Decca division of Racal Electronics.

The initial attitude of these companies is pretty frosty. "If we have to build warships in order to put a £1m worth of electronics in them, things are tough," Mr Derek Alun-Jones, managing director of Ferranti, said. "It's an industry we don't know anything about and I think we would find it culturally pretty difficult."

All three are worried that if they buy a yard, then all the other yards will try to reduce purchases of components from them because they will see them as competitors. But that fear may be largely unfounded as the MoD usually specifies equipment.

The two composite yards will be the most difficult to sell. Cammell-Laird is almost certainly a non-starter. The current dispute over compulsory redundancies, which has prevented the yard from delivering an offshore rig on time, will severely damage its prospects for securing new orders. Both the Government and Mr Day say openly that they see only very limited prospects for it. And they know that the sale of the other yards would be helped if there was one less competitor.

Swan Hunter suffers from having no former owner eager to buy it. The Swan Hunter group was liquidated in 1979. But the yard has many attractions and so BS and Lazards are likely to expend much effort trying to sell it.

It is capable of making everything up to aircraft carriers, and uses the highly efficient modular construction method. It also has skills at making specialised merchant ships, such as newsprint carriers, cable ships and container ships.

The merchant shipbuilding business is not expected to be commercially attractive for the foreseeable future. (Mr Day last week wished "the best of British luck" to any warship yard buyer that wanted to go into it.) But Swan is the only one of the warship yards that is well placed if those markets ever become attractive again.

BS has published trading figures for the yards, but these are not much of a guide to anything. The Vickers yard, which at first glance looks like a plum, had future capital spending commitments of £32.6m a year ago, nearly double its book value of £18.2m at the time. Further capital spending plans through to 1990, mainly on the Trident programme, amount to £150.7m. Presumably, it will be financially restructured before being offered for sale.

Perhaps more important, the published trading profits refer to a period when there was only limited competition between yards. Who can say which yards will be most successful, both in terms of cutting costs and obtaining orders, when they are all returned to the private sector?

Mr Day says there is considerable potential for improving the productivity and efficiency of the warship yards, and that will become clearer when the individual financial statements are published.

As the yards become more efficient, they should also be more competitive in foreign markets. So there could be big profits in this privatisation exercise for some, but it does not look at all like a punt for the uninitiated.

Men and Matters

Continental drift

Like an end-of-term school report, Continental Illinois' annual survey and ranking of UK investment analysts is published today — a month early and just before many brokers disappear on holiday.

There will be many driving down to Dover, kids in the back of the car, and a broad grin on their facea. Others will be reading the FT on a flight to Teneriffe, wondering what the future holds.

Financial institutions, with billions of pounds of funds under their management, have voted again for the investment analysts they believe serve them best.

At a time when the City is undergoing so much change the rankings become even more significant. Perhaps not surprising, the survey at £100 a copy is particularly in demand with headhunters.

Overall ranking of firms, in fact, has changed little, with James Capel and Scrimgeour Kemp-Gee holding first and second place. There has been much jockeying for position within the sectors, however, and competition at the top is hotting up.

As the City revolution gets under way, Geoffrey Osmint, originator of the survey, expects the pace of change to accelerate with more moves between firms and an overall "shrinkage" in the number of analysts.

He has not escaped the winds of change himself. Continental Illinois has just sold its UK merchant banking subsidiary to First Interstate Bancorp.

But he assured me there would be a 12th survey next year, though he could not promise that the sponsor would be the same.

Electric sparks

The miners' strike seems to be putting some strains on relations between the Central Electricity Generating Board and the Electricity Council.

At a Press conference to announce the electricity industry's latest financial results yesterday, Philip Jones, the Council's urbane chairman, warned that neither he nor Sir Walter Marshall, the CEGB chairman, would be saying very much about the miners' dispute.

The outspoken Marshall promptly proceeded to make his first major public statement on the issue, waxing eloquent about the industry's ability to avoid electricity cuts well into next year, and praising the toughness of power station trade unions.

The men from the Electricity Council obviously thought this was asking for trouble. And when Marshall was being interviewed later by BBC television news, Jones asked for equal air-time.

The boys from the Beeb gave Jones his say—only to discover afterwards that their cameras had not been loaded.

"I'm still uneasy — Sir Geoffrey's deal seems to be all sweet and no sour."

Keeping afloat

Not all the boats cruising around Lake Ontario on Wednesday afternoon were crammed with tourists. Aboard one were Howard Macdonald, chairman of Canada's debt-ridden energy company, Dome Petroleum, and several of his senior managers. They were celebrating the signing earlier that day of Dome's C$5.2bn debt rescheduling with 53 of its creditors.

Negotiations — begun last December—dragged on until six o'clock on Wednesday morning and, according to one of Dome'a advisers, the company's team "certainly deserved a break." Some partygoers arrived at work a litle late yesterday but, in the adviser's words, "we haven't heard of any serious casualties."

The 100-plus bankers, legal and financial advisers attending the signing ceremony at Toronto's Royal York Hotel were treated to a banquet earlier in the week. They, too, appear to have earned their celebration. The rescheduling agreement, believed to be the largest ever signed by a corporate borrower, runs to 650 pages. The signing ceremony, lasted almost an hour.

Dome is looking forward to another party soon to celebrate completion of its proposed C$350m share offering. But it is still too early to reserve boats or banqueting halls.

Word of law

Trade union defiance of court orders may be a fairly recent phenomenon, but the courts have not yet felt any need to up-date the language in which they respond to it.

Take, for instance, the writs of sequestration issued for the seizure of assets of the South Wales miners' union after it refused to pay two £25,000 fines imposed for contempt.

The writs begin with leisurely, not to say long-winded, greetings to the four sequestration commissioners from the Queen, who then sets out their task thus:

"Know ye, therefore, that We, in confidence of your prudence and fidelity, do by this writ authorise and command you or any two or three of you to enter upon and take possession of all real and personal estate of (the union) and to collect receive and get into your hands the rents and profits of its real estate and all its personal estate and keep the same under sequestration in your hands until the said (union) shall pay into court the sum of £25,000 and pay the said taxed costs and clear its contempt and Our said court make another order to the contrary."

The miners who have barricaded themselves in the union's Pontypridd headquarters would, no doubt, have a pithier way of putting it. But I suppose it is the action, not the words, that count.

Party time

A holiday with a difference this week in the Forest of Dean in Gloucestershire where the Young Socialists have been holding their summer school. This body, in theory a Labour Party offshoot, is completely dominated by the Trotskyist Militant organisation.

Representatives of the Labour Party leadership habitually get a rough ride if and when they appear. There are loud calls for their expulsion. The Young Socialists cannot see the irony in this situation given that Militant has protested vociferously against witch hunts and the expulsion from the Labour Party of five of their own leaders two years ago.

The Young Socialists are, however, prepared to dally with bourgeois frivolities. A prize was offered in an evening raffle. It was not, as might be expected, the collected works of Trotsky, or an evening with Ted Grant, Militant's guru, but a bottle of Martini. Ideal for starting a revolution.

Observer

INFLATION ACCOUNTING

Time to stop the fudging

By Michael Prowse

"NO MORE experimentation is needed," said Mr Ian Hay Davison, chairman of the Accounting Standards Committee (ASC), last month as he unveiled ED 35, an exposure draft for a new current cost accounting (CCA) standard to replace SSAP 16.

These may be famous last words. It is not just that Mr Davison resigns as ASC chairman this month: none of the many previous "inflation accounting" initiatives — from *ED 8* in *1973* to *ED 18* in 1975 to SSAP 16 in 1980—has stood the test of time.

ED 35 will fare little better. *As its* ungainly title, "Accounting for the effects of changing prices," implicitly admits, like SSAP 16, it fails to reflect the impact on accounts of general inflation (by which is meant a decline in the purchasing power of money).

And it applies only to a small minority of companies—all private and various public companies (for example insurance groups, unit and investment trusts) are excluded. This is suggestive: if ED 35's profit measure were robust, it would be applicable to any sort of company—big or small.

The ASC illogically proposes that the specific price adjustments required by ED 35 are

Private companies excluded from scope of ED 35

"essential to give a true and fair view."

It follows that in future the accounts of private companies will not be "true and fair" since they will omit ED 35 information. The ASC will run into trouble even with public companies. How can CCA figures be relevant to the truth or fairness of a company's main accounts, which are based on the entirely different historical-cost convention?

This is no pedantic point: auditors will have to "qualify" the accounts of companies within ED 35's scope that fail to provide the information. Such a sanction is quite ludicrous so long as the main accounts remain unreformed.

ED 35 is closely modelled on SSAP 16 which has been rejected by about 50 per cent of both auditors and companies. Nevertheless, the ASC expects less opposition to its new proposal.

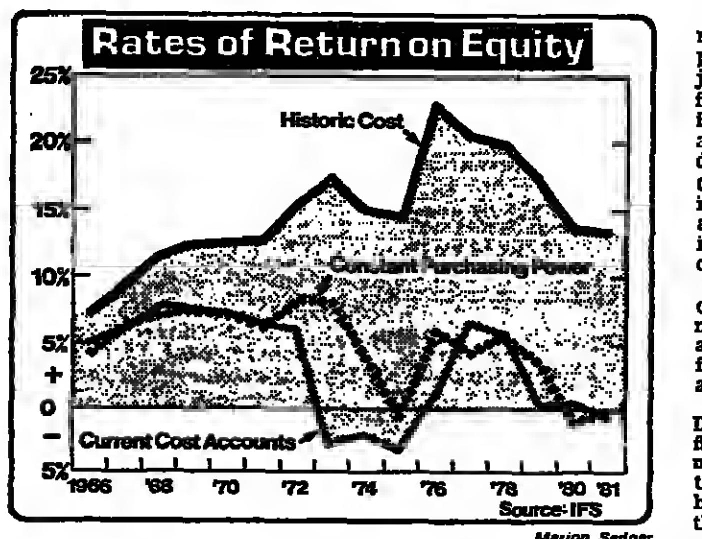
Mr Peter Godfrey

It may be right—but for the wrong reason. Industrialists and accountants do not now accept the logic of CCA; they are merely pleased that SSAP 16 has been watered down. ED 35 does not require a CCA balance sheet and it allows profit adjustments to be hidden away in the notes to the main accounts.

Yet if pure CCA were really much more relevant than traditional historical cost accounting, the subservient role proposed for the new standard would be inappropriate. If SSAP 16 were correct (and ED 35 is its re-launch), CCA accounts ought to become the main financial statements of companies, as originally intended in 1975.

In fact a majority of academics would probably reject SSAP 16/ED 35 because they concentrate almost exclusively on accounting for the effects of price changes specific to a company's business and pay next to no attention to inflation as such.

A strong body of "practical" auditors and finance directors probably oppose SSAP16/ED35 on very different grounds. They regard traditional accounting methods as still appropriate and reject the need for any embellishments.



Marion Sedger

If a coherent definition of business income is to emerge (and win general support) three distinct, but related, questions must be tackled, rather than fudged.

Should published accounts be based on the "entity" or "proprietary" definition of a business? Should real assets be valued at current or original acquisition costs? Should accounts reflect the effects of general inflation?

● The first question concerns the nature of a company. The "proprietary" approach identifies it directly with its owners or shareholders: the task of management is to maximise their wealth. The "entity" approach regards the company as an independent entity whose managers have wider responsibilities—to employees and the community at large.

The approaches lead to incompatible definitions of profit. The proprietary definition says profit is the surplus after the managers have maintained shareholders' financial wealth. (The measure of shareholders' wealth may or may not include inflation adjustments.) The entity approach says profit is the surplus after a company's "operating capability" has been maintained. This means (very roughly) its ability to produce a given bundle of goods and services.

ED 35 is founded on the entity approach; traditional historical-cost accounting on the proprietary definition. By supporting both, the ASC commits itself to two incompatible definitions of profit.

The entity conception of profit is now severely criticised. ED 35 says "profit is determined after allowing for the effects of specific price changes on the funds required to maintain net operating assets."

Critics, such as Dr Colin Mayer of St Anne's College, *Oxford*, ask: whose profit *is* this? The proprietary definition at least allows the circumstances of shareholders — changes in the purchasing power of their money for example — to be taken into account. ED 35 profit cannot be *shareholders'* profit because it is not defined in terms of changes in their wealth.

Operating capability is a *problematic* concept. Why should a company reckon it has made a profit only after it has provided for the cost of *maintaining a particular* set of operating assets? Its portfolio of physical assets ought to be continually changing in response to *the changing* cost of replacing them.

● The second issue — the valuation of assets—ought to be uncontroversial. The value of shareholders' interest cannot be properly measured under the historical-cost convention.

The change in the value of a real asset (an important component of profit) cannot be judged if, at both the start and finish of an accounting period, it is put in the books at original acquisition cost (less some depreciation based on the purchase price). What is essential is a *current* valuation of the asset at each balance sheet date in the light of all relevant circumstances.

There are several techniques of current valuation—replacement cost, net realisable value and the present value of the future earnings stream of an asset.

Critics, such as Professor David Myddelton, of the Cranfield School of Management, are right to object that *these* are *subjective* and hypothetical but wrong to think there is any alternative.

Professor Myddelton, for example, implies that an adequate proxy for a current valuation is the original acquisition cost of an asset uprated in line with *the subsequent rise* in the retail price index. Would anybody accept that the value of his house today is the price he paid for it multiplied mechanically by the rise in the RPI? The point is that the value of some assets rises faster than prices generally, that of others more slowly.

● The third issue—whether accounts ought to reflect fully the effects of general inflation—should be equally clear cut. While the current valuations of SSAP 16 and ED 35 (which involve specific price changes) are necessary, they are not sufficient to achieve a sensible measure of profit.

Suppose the value of an asset rises from £1,000 to £1,500 during an accounting period. Under the entity approach of SSAP 16 or ED 35, the company is said to make no profit since it is assumed to need to replace the asset at the new higher price.

This approach must be wrong because it attempts to measure profit without asking first: what is the general rate of inflation? If inflation is 10 per cent, then under the proprietary approach the company will have made a real profit of £400; but if inflation is 100 per cent it will have made a loss of £500. And the profit or loss is independent of the way the asset is financed.

The treatment of financial assets and liabilities (whether cash, trade debtors or long-term debt) should be more straightforward because current valuations (specific price adjustments) are not necessary: the value today of a £50 note is £50. All that is normally needed is an allowance for lost purchasing power.

ED 35 muddies the waters by confusingly asking companies to adjust monetary working capital (items like net trade debtors) for changes in the prices specific to a company's business, while allowing specific or general price adjustments for long-term debt.

The need for general inflation adjustments has not vanished because inflation is now only 5 per cent. Profits in conventional accounts continue to overstate real earnings because of past as well as present inflation (for many fixed assets a correct depreciation charge should reflect the very high inflation of the early 1980s *and the 1970s*). *Even if* inflation now sticks at 5 per cent per annum, prices will double in less than 14 years.

The proprietary measure of business income, argued for above, which calculates the purchasing power of shareholders' equity, and stresses the need for

Criticism is not just from the Luddite fringe

current valuations of real assets, has a wide measure of support and was recently advocated by the Institute for Fiscal Studies and the Association of Certified Accountants.

Why does the ASC resist this trend? ED 35 embodies the increasingly unpopular "entity" profit definition, denies the need for comprehensive general inflation adjustments and backs away from SSAP 16's requirement for current valuations of assets.

For these reasons, it deserves criticism—and not just from the Luddite fringe that opposes all improvements in financial reporting. It will be up to Mr Peter Godfrey, the ASC's new chairman, to stimulate some fresh thinking.

Lombard

Ideology and U-turns

By David Marsh in Paris

THE SPECTRE of policy U-turns, which has haunted Mrs Margaret Thatcher through five years of newspaper headlines, conjures up no particular demons for President Francois Mitterrand.

M Mitterrand has just climbed down on the burning issue of France's private education bill, and has reformed his Socialist government around a set of economic priorities which appear to be the opposite of those with which he arrived in power in May 1981.

As a result, the President has been put in the dock by the Opposition on all manner of charges of political malignity. But M Mitterrand has faced no great criticism of the fact that —not for the first time in the last three years—he has simply changed his mind.

M Mitterrand's rule has represented an almost constant and mainly sensible, procession of policy bends to fit in with the desires of diverse pressure groups—ranging from the French business community and the foreign exchange markets to the nuclear power lobby, nationalised industry bosses, lorry-drivers and supporters of private schools.

Mrs Thatcher, on the other hand, seems to fear the crumbling of her authority that would come from any hint of policy deviations—whether over the stern policies that drove sterling to recession-inducing heights in 1980, the Falklands crisis in 1982 or the miners' strike in 1984.

For a politician who wants to preserve a statesmanlike piece in history, M Mitterrand has perhaps changed his mind too much—Mrs Thatcher, not enough.

This is not simply a matter of the different personalities of the basically conservative M Mitterrand and the radical Mrs Thatcher, nor of the different domestic and international circumstances facing a left-wing government in France and a right-wing one in Britain.

It also says something about more general political divergences. In Britain, tradition and practice—for instance, the scrutiny of the minutiae of Parliamentary declarations—decrees that close attention—sometimes, perhaps, too close—is paid to ensuring that governments and ministers stick to pre-stated actions. If they do not, even for sensible reasons, they tend to be pilloried. And of course Mrs Thatcher's own pungency and straight-talking style raise the stakes of any departure from the pre-set line.

In France, on the other hand, the public is far more tolerant of politicians weaving and dodging to adapt to changed circumstances, or, just as likely, past policy errors. The chairman of a company newly nationalised as part of the Socialists' policy of boosting employment put the matter simply, if a little provocatively, during a lunchtime discussion of why he was being allowed to carry out large redundancies with little public discussion: "Ideology doesn't last long in France."

Additionally, the extreme sophistication of French political minds, which often search for the most Machiavellian rationale behind apparently straightforward developments, often acts as a barrier to measurements of political consistency.

M Mitterrand, with his deliberately oblique public pronouncements, and his passion for tactical smoke screens, symbiotically feeds and feeds off over-complex interpretations of his statements or actions. And he himself is a past master of the subtle French art—admitted with pride by practised civil servants—of presenting policies in a way which contains a different, sometimes contradictory, message for different audiences, and whose overall effect is designed to confuse.

M Mitterrand may find his juggling act is the best method of bringing down inflation and maintaining France's industrial competitiveness without sparking off the social divisiveness wrought by Mrs Thatcher's more abrasive style.

The risk is that, by 1988, M Mitterrand will find himself branded with the same image of rudderlessness which was the epitaph on Harold Wilson. By then, the French may be ready for another dose of ideology.

Letters to the Editor

Progressive degeneration

From the Director, Low Pay Unit

Sir,—Your leader on minimum wages (July 31) represents a museum piece of economic theory. Three-quarters of a century ago, Winston Churchill laid to rest the notion that unregulated labour markets would naturally reach equilibrium and maximise employment. Explaining the need for minimum wage regulation he told the House of Commons: "It was formerly supposed that the workings of *supply* and demand would regulate or eliminate that evil (of poverty wages). . . . But where you have no organisation, no parity of bargaining, the good employer is undercut by the bad and the bad employer is undercut by the worst . . . where these conditions prevail you have not a condition of progress, but a condition of progressive degeneration."

We now see the Institute of Economic Affairs and the FT seeking to reinstate the process of wage undercutting, which you describe as "one of the most useful steps that can be taken to revive employment." How useful will this process be in providing firms with the stability they need to plan ahead, to invest in training or to improve techniques of production? Not at all. Firms will find themselves always looking over their shoulders to ensure they are not being undercut by others seeking short-term advantage on the basis, not of efficiency, but of cheap labour. This is a recipe for the destruction of jobs and firms, not their creation.

There is no evidence that the spiral of wage-undercutting inspired by the abolition of the fair wages resolution or the current *non-enforcement of* wages council minimum rates had generated any new employment at all. Indeed, an analysis by this unit *shows that, even on* the basis of the assumptions built into the Treasury economic model, the complete abolition of the wages *councils as* proposed by the IEA could be expected to create at most 8,000 jobs over five years. This would not even compensate *for the* loss of jobs in a single month this year. But the costs would be a significant reduction in the living standards of 3m workers covered by wages councils, who are already among the lowest paid and most vulnerable.

Chris Pond.
9, Poland Street, W1.

A hostile act

From the Director, Nigerian Information Service.

Sir,—A section of your editorial, "Nigeria and its creditors" of July 31 shows clearly that there is a concerted effort by the British press to link the Nigerian High Commission in London with the attempted kidnap of the Nigerian fugitive Umaru Dikko now living in London.

Despite the fact that this matter is now in the court and the verdict of the court has not yet been known, your paper freely speaks of the "complicity of Nigerian diplomats in London" in the Umaru Dikko affair.

We would have thought that since the matter is now before the court it would be improper for the press to talk about it let alone pass its own judgment. Or should we take it that your paper already knows what the court will decide?

Neither the Federal *Military* Government nor the Nigerian High Commission in London had anything to do with the attempted kidnap of Umaru Dikko. Therefore the orchestrated efforts to blackmail Nigeria and give her a bad *image over the Umaru Dikko* affair can only be regarded as hostile.

Moses F. Ekpo.
9 Northumberland Avenue, WC2.

Untied bilateral aid

From Lord Bauer

Sir,—Your leading article "The *case against bilateral* aid" (August 1) unfavourably contrasts tied bilateral aid with multilateral aid. It does not mention untied bilateral *aid*, which on many grounds is preferable to the other two.

Peter Bauer.
House of Lords, SW1.

Little Englanders in Strasbourg

From the Press Officer, Scottish National Party

Sir,—It is a pity that, in his otherwise excellent article (August 2) Quentin Peel did not mention the one Euro-MP from Great Britain who could not conceivably be described as a "Little Englander"—Mrs Winnie *Ewing*, the *Scottish* National Party's member for the Highlands and Islands.

On the contrary, Mrs Ewing *is widely known as "Madame Ecosse"* because of her proven track record as an ambassador for Scotland on the European scene.

The insular parochialism of the British Labour and Tory delegations—as all visitors to Strasbourg or Brussels will have noticed—has led to them being treated with suspicion or even contempt by many members from other countries. As a result, as Mr Peel points out, they have done badly in the negotiations for committee chairmanships and the like.

By contrast, it is no accident that Mrs Ewing—as an effective member of a multinational grouping—has just been elected chairman of the important youth, culture, education and sport committee.

The SNP argues that a constructive approach to European diplomacy can gain far more than the tantrum-throwing of Labour and Tory parties. Judging the record of failure by the "Little Englanders," it is not surprising that many Scots opted instead for a strong Scottish voice in Europe at the recent elections.

C. J. McLean,
6 North Charlotte Street, Edinburgh.

Universities and industry

From Madron Seligman, MEP

Sir, — Your report, July 23, on the shelving of plans by the Department of Trade and Industry for Government financial support for the strengthening of research ties between universities and industry, suggests criticism of government financial priorities.

There is, however, already an appropriate EEC instrument for strengthening such links, in the "Programme for stimulation of the technical and scientific potential" (Directorate General for Science, Research and Education, *European* Commission, 200, rue de la Loi, 1049 Brussels, Belgium). Moreover, this particular instrument enables universities and firms to think of the acquisition of technology, particularly of a multi-disciplinary nature, across the *old* frontiers of *Europe*.

No single nation has a monopoly of ideas! I believe that their implementation through symbolic associations holds the key to industrial recovery in Europe in general and in Britain in particular.

Madron Seligman.
Mickelpage House, Nuthurst, Nr Horsham, West Sussex.

Taken out of politics

From Mr J. Bartlett

Sir,—As for the privatisation of Jaguar, British Telecom and British Airways approaches, the conflicting view as to the desirability or otherwise of such actions remain. Those trade union members who feel threatened with job loss, however, would do well to consider the strength that the Government currently has as principal owner.

Historically, nationalised industries have been regarded as feather-bedded along the lines of the civil service relative to private industry. In fact, such industries have always been regarded as political footballs, each often demonstrating the characteristics of low capital *investment*, poor productivity and subdued wage levels.

Far better, therefore, to be controlled by those concerned to *maintain* the *enterprise*, with little regard to political concerns and nothing more than profit prospects to define wage levels. *The miners are now*, as before, suffering from the effects of an employer insulated from business pressures, with an (effectively) *infinite* resource to resist a strike, and as a result drive down living standards, or at least for the miners, no matter what the settlement.

Arthur Scargill is right of course to resist closures. He *wants a prosperous growing* industry with both high investment and wages—just like any capitalist investor, but because *the Coal Board is state owned*, political judgments intervene.

James Bartlett,
The Mount, Batchworth Hill, Rickmansworth, Herts.

Electricity prices

From the Publicity Officer, Merseyside and N Wales Electricity Branch, National Association of Local Government Officers

Sir, — A. L. Beard's concern (July 21) for his industry and trade union members should not be converted into anger against the National Union of Mineworkers.

Electricity prices in England and Wales have been stable in recent years *both* in absolute terms and compared with our overseas competitors. These are not the conditions in which *firms* will *be forced* out of business on energy costs.

No doubt he will remember the Treasury's attempts to force up electricity by *3* per cent earlier this year — ironically to "economic" levels. This was largely resisted, but the electricity supply industry still has an external financing limit of £740m for 1984-85 which, even according to Mr MacGregor's figures, is equivalent to keeping open the most "uneconomic" pits for three years.

This stable pattern of prices, forecast to go on for many years, now needs to be broken *as, sooner* or later, we will all have to pay for the present extensive use of oil-fired power stations.

Are miners selfish? I maintain it is not selfish to want to dig coal rather than collect dole. Nor is it "uneconomic."

T. Murphy.
58, Chester Road West, Shotton, Deeside, Clwyd.

FINANCIAL TIMES

Friday August 3 1984

Pretoria boosts rates in bid to slow inflation

By Jim Jones in Johannesburg

SOUTH AFRICAN authoribes will today a start a determined attack on the country'a accelerating inflation rate. The Reserve Bank last night increased by 3 percentage points to 22 per cent its rediscount rate – the rate at which it accommodates the commercial banks.

Simultaneously, legal lending rates are to be increased. The objective of the strategy devised by Mr Barend du Plessis, the country's new finance minister, Mr Dawie de Villiers, . Commerce and Industry Minister and Dr Gerhard de Kock, Governor of the Reserve Bank, is drastically to increase the cost of credit and thereby curtail consumer spending.

That is seen as a prerequisite to reducing the inflation rate, wbich remains stubbornly higher than the rate of South Africa's main trading partners.

The combination of the higher rediscount rate and the increase in maximum interest rates which can be charged by commercial lenders is expected to result in an immediate rise from 22 per cent to a record 25 per cent in the commercial banks' prime overdraft lending rates. Interest rates on hire purchase contracts are expected to rise to 30 per cent or more while the most of mortgage loans will probably locrease to about 22 per cent.

Explaining the authoribes' decision, Dr Gerhard de Kock said last nigbt that it was essential to curtail consumer spending if inflation was to be reduced and the ground prepared for the economy to emerge from recession.

In June, South Africa's inflabon rate reached 11.7 per cent after bottoming at 10 per ceot in February. Last year the gross domestic product fell by 3 per cent in real terms as the economy drifted into its worst recession since the Second World War.

Dr de Kock said the rands persistent weakening has contributed to the rising inflation rate. This year the South African rand has fallen by about a third against the dollar to its current level of 60 cents.

The rand's decline has been largely unexpected

West German jobless heads upwards to 8.9%

BY RUPERT CORNWELL IN BONN

UNEMPLOYMENT seems again to be rising in West Germany. The total of jobless rose by 90,000 in July, lifting the unemployment rate to 8.9 per cent – exactly the same level as a year earlier.

At the same time, statistics released yesterday by the Economics Ministry confirmed the extent of the damage caused by the seven-week strike in the engineering industry, which ended a month ago.

Output tumbled by 9.5 per cent between May and June this year, including a drop of 10.5 per cent by manufacturing industry alone. That in turn reflected the virtual shutdown of the car industry throughout June.

Production by the motor industry, which provides directly and indirectly one job in seven in the West German economy, was 60 per cent lower in June. That fed back into a fall of almost 20 per cent in output of investment goods that month.

Seeo in a longer perspective, however, the figures are perhaps less alarming. May and June together showed a drop of only 2.5 per cent from the same months of 1983, as a result of the steady upswing experienced since the middle of last year until the interruption by the strike.

Most analysts believe the lost output can be made good in the months ahead, without lasting barm to growth prospects this year.

That, however, will be of small consolation to those seeking jobs. Herr Heinricb Franke, the head of the Federal Labour Office in Nuremberg, commented that the labour market bad worsened. "A clear drop in the unemployment rate is not to be expected."

Some small consolation was that the amount of short-time working is diminishing. However, the number of registered vacancies, at just under 99,000, also dropped fractionally last month.

One piece of good news did emerge yesterday. The Government confirmed that retail prices fell last month by 0.2 per cent, to bring the annual inflation rate down to 2.2 per cent – its lowest since 1969.

Unemployment rate in Britain accelerates to reach 12.7%

BY PHILIP STEPHENS IN LONDON

THE UNDERLYING unemployment total in Britain rose again in July and there are signs that the upward trend bas accelerated slightly in recent months.

The Department of Employment said yesterday that the seasonally adjusted jobless figure rose by 15,900 last month to reach 3.054m, or 12.7 per cent of the workforce.

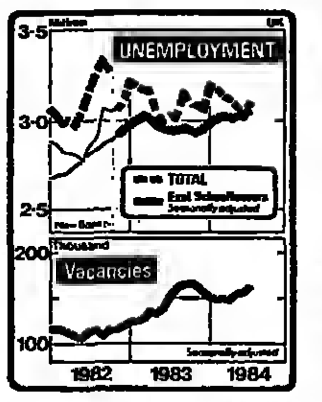
Referring to what be called "the lunacy" of the miners' strike, Mr Tom King, the British Employment Secretary said that industrial disputes were weakening the chances that Britain's receot competitive gains would be translated into more jobs.

The unadjusted total, whicb includes most school-leavers, was 70,800 higher at 3.101m, taking the rate up to 12.9 per cent.

Mr King said the figures were disappointing because many other factors in the economy and the labour market were looking favourable.

The number of people in work has risen by over 250,000 during the last year, hut increases in the labour force and higher productivity meant that the new jobs were oot feeding through to lower unemployment, he said.

The rise drew sharp criticism of the Government's economic policies



from Mr Neil Kinnock, the Labour Party leader.

"This is the result of the decay which this Government has inflicted oo our country. I earnestly appeal to it now to adopt the recovery policies of investment, employment and training which are working in other countries and could begin the cure in Britain," he said.

The figures show some acceleration in the upward trend in unemployment. During the six months to January the monthly rise averaged 5,000, but in the last six months it has risen to 13,000 and in the last three months to 14,300.

Officials believe, however, that the underlying rate of increase is settling down to between 10,000 and 15,000 a month.

The Government has drawn some encouragement from a parallel rise in the number of vacancies notified to job centres, which have been rising by a monthly average of 5,000 since May after falling early in the year.

More school-leavers also appear to be joining training schemes or getting jobs.

The number of young people who bave recently left school without jobs or places on special schemes was 166,000 in July, 55,000 less than in the same 1983 month.

The pressure group, Youthaid, however, said that the outlook for school-leavers remained "grim".

The group said that around two thirds of this year's school-leavers were unlikely to find full-time jobs by Christmas. In unemployment hlack spots such as the North of England and Wales the figure is as high as 75 per cent.

Youthaid said that there are now 340,189 school-leavers in the official unemployment count who have never found work, and more than half of those are aged 19 or over.

● Britain's official reserves fell by $268m in July, the largest monthly fall for more than a year, to stand at $15.37bn, the British Treasury said yesterday.

Citicorp fails to block interstate bank move

By Terry Dodsworth in New York

INTERSTATE banking in New England moved a step closer yesterday after a Federal court rejected a challenge by Citicorp, the New York bank, aimed at blocking a merger betweeo CBT Corporation and Bank of New England.

The Citicorp challenge followed legislation passed througbout most of New England that will allow mergers between hanks hased in states with reciprocal banking regulations.

Like other big U.S. money-centre hanks, Citicorp has been opposing the move towards regional hanking, which will allow the emergence of strong regional groups. Citicorp argues that it ought to be allowed to compete in those local markets, while the regional hanks are intent on building up their strength behind the regulatory harrier in preparation for a free national U.S. market.

After the rescue of the Cootinental Illinois banking group by the Federal Deposit Insurance Corporation last week, many analysts believe the trend towards banking deregulation will slow down.

Even so, the move towards larger regional groupings, which has been gathering pace in the oorth-east and the Florida area, is being keenly watched.

Among such moves, the link between CBT, based in Connecticut, and Bank of New England, based in Boston, Massachusetts, is one of the more important, since it would create a bank with assets of around $13bn. That would rank it as the secood largest banking group in the New England region and around 25th in the U.S.

Citicorp was felt to have little chance of winning the New England case, because of Federal legislabon allowing loopholes that are being exploited at the regional level. The New York bank said yesterday, however that it was examining the court decision, against which it might appeal in the Supreme Court.

Barring an injunction, the Bank of New England said it would go ahead with the merger with CBT within the next four weeks.

THE LEX COLUMN

Chips fall right for Lonrho

The UK Government Broker must bave gone on holiday. Yesterday the authorities almost exhausted their supplies of stock – the one exception being an esoteric low-coupon short – and joy on the gilt-edged market was unconfined. With Wall Street extending its recent rally, prices gained by as much as 1¾ points.

Lonrho

It does not need any elaborate theory to explain why Lonrho has been gaining more favour with the institutions lately. Profits have not only been recovering strongly on a minimal rise in turnover – up 22 per ceot at £53m in the six months to March – but dividends are following suit and even look like being paid out of retained earnings for the second year running. Little wonder that the yield, veering towards 20 per cent two years ago, bas come down to a relatively staid 10 per cent. At last night's 142p, the share price is within hailing distance of its historic peak (165p, reached in 1969) and the improving quality of Lonrho's earnings seems to be putting its shares on the approved list for funds other than the higb-risk, high-income variety.

Lonrho's policy on financial disclosure is still not doing much to encourage this rehabilitation. Although the group is still highly borrowed, it does not feel that shareholders need be told what interest charge was paid – not at the interim stage, anyhow. In the six months to March it is reasonable to assume that falling interest rates made the gearing work in Lonrho's favour. For the rest of the year, this ball looks like rolling the other way. But in the second half Lonrho benefits from the seasonality in its leisure and commodity interests, and its UK vehicle distribution side will pull back ground lost during the West German engineering strike. The prospect of a pre-tax total in excess of £140m or more – suggesting a multiple of about 6 – should keep the pot boiling.

Barclays Bank

Whether Barclays Bank had made the odd £10m more or less than expected in the half year to June was of far less interest to the stock market yesterday than ony news of the bank's capital-raising plans. The figures themselves turned out a little sbort of most forecasts but Barclays duly repaired any potential damage by denying – admittedly without much conviction – that it planned to raise equity or even a spot of subordinated debt.

It is easy to understand Barclays' reluctance to tap the market at present. By sneaking in ahead of its figures, NatWest rather soured a market which has in any case yet to recover fully from the budget tax trauma and which remains nervous about the sovereign debt exposure of all the clearers. Even at last night's price of 462p, up 7p on the day, the shares are yielding around 8 per cent prospectively, making the rights issue an expensive proposibon.

Nor bas Barclays much room to raise additional subordinated debt. Its loan capital gearing is already around 30 per cent, three points short of the Bank of England ceiling. Yet, while Barclays may very well seek an equity injection sometime within the next year, it need be in no tearing hurry.

Retentions of £123m and new loan capital have almost counterbalanced a £543m transfer from reserves to cover future tax liabilibes, leaving net worth lower by a net £115m. A free capital ratio of 4.2 per cent – bundling general provisions into reserves – is not onerous, even if the preseot dollar/sterling exchange rate may bave stretched the ratio a little in the past month. And retentions will keep contributing. After an 18 per cent gain to £308m pre-tax in the first half, Barclays might just monage £700m for the year.

Lloyds and Scottish

Royal Bank of Scotland has traditionally taken a rather sniffy view of the stock market's valuation of Lloyds and Scottish, preferring to enter the investment in its own accounts at book value. Yesterday it came withio a whisker of vindicating this unusual approach, accepting an offer for its stake worth only £4.2m less than the most recent book valuabon of £96.6m.

RBS will presumably incur a capital gains tax liability on the sale but is still likely to earn more from the net proceeds than from an awkward associate interest in L and S. The disposal will leave it with an exceptionally strong capital base, a point which will not elude any bank anxious to try again where Hongkong & Shanghai and Standard Chartered failed.

Lloyds Bank, having failed once before during its interminable campaign to win outright control, has been obliged to offer a handsome price for the outstanding minority but should regard the bid premium as satisfactory given the strategic flexibility which full ownership will yield. Now that the campaign is finally over, it should waste no time in clearing up the uncertainty about its stake in RBS. The market has discounted already the agreed five-percentage-point reduction in Lloyds' holding but, unless the hank hopes to win back some of the bid premium on L&S by passing it RBS stake on to a single purchaser, there seems to be no reason why its should hold on to any RBS shares at all.

Date set for Venezuela debt reply

By Peter Montagnon in London

VENEZUELA'S leading creditor banks are to reply next Wednesday to a proposal from the Government of President Jaime Lusinchi for a rescheduling of about $22bn in public sector debt.

This follows a caubous initial reaction of leading hanks to Venezuela's proposals which attempt to fix deht service payments at $4.2bn a year, in line with the country's projected foreign exchange casb flow.

This amount would be used to cover payments on debts that will not be rescheduled, sucb as export credits and bonds, as well as interest and some principal on commercial bank debt.

Bankers fear it leaves too little scope for principal payments.

According to some calculabons principal repayments would amount to only 8 per cent of the rescheduled debt in the first five years of the rescheduling.

Some bankers also regard the proposed interest margin of ⅞ per cent over Eurocurrency rates as too low.

Venezuela has large reserves and could afford to pay more principal, these bankers say.

They are also worried that to adopt the Venezuelan scheme would appear to endorse the concept of interest rate capping to which many banks are still opposed.

Bankers believe, however, there is the chance of a reasonably quick outline agreement with Venezuela.

Lloyds in full bid for finance house

BY MARGARET HUGHES IN LONDON

LLOYDS, one of Britain's big four hanks, is to pay £91.7m ($120m) to buy Royal Bank of Scotland's 39.3 per cent stake in Lloyds and Scottish, the finance bouse in whicb it already has a 60.3 per cent holding.

Lloyd's is a substantial shareholder in Royal Bank.

The agreed offer is 125p in cash for each Lloyds and Scottisb share, which values the wbole company at £233m. Lloyds' bid for all the shares it dnes not yet own – 0.4 per cent of the equity is held by 714 individual sharebolders – is worth £92.5m.

This is the second time Lloyds has tried to buy the shares in Lloyds and Scottish it does not already own. Its first attempt was in May 1981 after it had increased its stake from 40 per cent to 60.3 per cent. That offer, however, was rejected by Royal Bank, which was itself then the subject of competing takeover bids from Standard and Chartered and Hongkong and Shanghai Banking Corporation.

Since then, it bas been attempting to reach agreement with Royal Bank but had been unable to agree a price.

The recommendabon by the RBS board of the offer to its shareholders ahould ensure that Lloyds receives sufficient acceptances to allow it comulsorily to purchase the remaining shares. The independent directors of Lloyds and Scottish will also "unanimously" recommend the offer to sharebolders.

Full details of the offer will be put to Royal Bank shareholders at an extraordinary meeting within the next two weeks or so. Royal Bank pointed out yesterday that it was required by Stock Exchange rules to call such a meeting, since the offer involved the disposal of a shareholding in Royal Bank.

Lloyds Bank said the acquisibon of 100 per cent ownership of Lloyds and Scottish would allow it to "uolock the full potenbal" of the finance company, which it had not been able to exploit fully when sbaring control with Royal Bank. It aimed to improve profitability with "a minimum of upheaval" and management and staff should benefit from the "ending of the period of uncertainty."

Last December, in what it described as a measure to protect its interest in Lloyds and Scottish, Lloyds increased its stake in Royal Bank from 18.4 per cent to 21 per cent. The Office of Fair Trading recommended referral to the Monopolies and Mergers Commission, but in June Lloyds said it would "within a reasonable period" reduce its stake to "not more" than its previous shareholding.

That has still not happened, but Lloyds would say nothing further on the matter yesterday.

Royal Bank shares closed 8p up on the day at 220p after the announcement of the offer, while Lloyds shares were 10p higher at 460p. Lloyds announces its interim profit figures today.

Warner sees profit return in second half

BY TERRY DODSWORTH IN NEW YORK

WARNER COMMUNICATIONS, the U.S. entertainments group which is struggling with the aftermath of losses from its divested Atari division, said yesterday it expected to return to profitability in the second half of this year.

The group declared a net loss for the second quarter of $437.6m, compared with a deficit of $283m a year ago.

Most of this figure was attributed to writeoffs against Atari, the electronic games company which was sold towards the end of the quarter.

Nevertheless, while the discontinued operabons in which Atari were included lost $410m, the group also ran up a deficit on its continuing businesses of $27.2m, against a loss of $27.7m a year ago.

The group maintained yesterday that the underlying position of the cootinuing operabons was sound. Trading in these businesses was always concentrated in the second half, it said, and they bad been particularly hard hit in the quarter by beavy overhead and debt-servicing costs.

These costs are now being tackled by a combination of cuthacks in head office personnel and a cash-raising divestment programme.

As part of the effort to generate cash, Franklin Mint, the company's probtable direct marketing unit, has been put up for sale and is expected to raise more than the $225m which Warner paid for it three years ago.

The figures show Warner emerging from the Atari debacle as a much smaller company, concentrated in its traditional businesses of films, records and publishing.

The current consumer boom has helped all of these activities, with pre-tax operating income rising in film division to $30.6m in the second quarter from $14.2m a year ago.

Profits in the record business rose from $5m to $13.4m, and in publishing from $3.7m to $3.9m.

Interest payments, however, jumped from $26m to $34m in the period, partly because of debt taken on to ward off the hostile bid for control made by Mr Rupert Murdoch, the Australian publisher, earlier in the year.

At the same time, Warner had to take an increased loss on its cable television interests, where the deficit rose from $9.6m to $16.9m.

Sales for the continuing operations in the three-month period rose to $475.6m from $370.5m, and were up to $947m from $788.9m over the first six months.

Net losses for the six months amounted to $407m against $302m.

Mr Steven Ross, chairman, said the company had implemented a plan to reduce corporate operating costs by 50 per cent. "This is the culminabon of a series of steps that was begun a year ago and, including staff reductions made last October, represents a 75 per cent decrease in corporate personnel in less than a year," be said.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	27	81	Malaga	S	27	81	Salzburg	—	—	—
Akrotiri	S	31	88	Faro	S	31	88	Malta	F	28	82	Seoul	C	30	86
Algiers	S	28	82	Florence	S	30	86	Manila	S	30	86	Singapore	C	31	88
Amsterdam	C	17	63	Frankfurt	F	23	73	Miami	C	30	86	Stockholm	S	25	77
Athens	S	29	84	Funchal	S	24	75	Milan	S	28	82	Strasbourg	S	24	75
Bahrain	S	36	97	Geneva	S	24	75	Moscow	C	19	66	Sydney	F	19	66
Bangkok	S	33	91	Gibraltar	S	26	79	Munich	F	22	72	Taipei	S	33	91
Barcelona	S	27	81	Guernsey	S	17	63	Nairobi	F	19	66	Tangier	S	31	88
Beirut	S	30	86	Helsinki	F	24	75	Naples	S	28	82	Tehran	—	—	—
Belgrade	R	19	66	H. Kong	S	33	91	New Delhi	C	32	90	Tel Aviv	S	30	86
Berlin	S	19	66	Innsbruck	—	—	—	New York	S	29	84	Tenerife	S	30	86
Biarritz	S	26	78	Inverness	F	19	66	Nice	S	26	79	Tokyo	S	32	90
Blackpool	S	17	63	Istanbul	S	26	79	Oporto	S	22	72	Toronto	C	29	84
Bordeaux	S	28	82	Jersey	C	19	66	Oslo	F	21	70	Tunis	S	32	90
Brussels	R	17	63	Jo'burg	F	15	59	Paris	S	19	66	Valencia	S	29	84
Budapest	F	25	77	Las Palmas	S	26	79	Prague	F	20	68	Venice	S	29	84
B. Aires	F	15	51	Lima	C	19	66	Reykjavik	C	13	55	Vienna	F	23	72
Cairo	S	31	88	Lisbon	S	29	84	Rio de J'o	S	30	86	Warsaw	S	26	79
Cape Town	F	18	64	Locarno	S	28	82	Rome	S	27	81	Zurich	S	22	72
Caracas	C	28	82	London	S	17	63								
Casablanca	S	27	81	Los Angeles	C	29	84								
Copenhagen	C	19	84	Luxembourg	C	21	70								
Corfu	S	30	86	Madrid	S	28	82								
Dublin	C	16	61	Majorca	S	29	84								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Commerzbank warning

Continued from Page 1

which foreigners face if they invest in German domestic bonds. By doing so, the bank is underlining its keenness to see capital inflows and a stronger D-Mark against the dollar.

Many bankers argue that a rise in key German rates might not only strain the EMS but bring a general round of rate increases in Europe, which would partly undercut economic recovery. The cost of credit has already been edging up in Germany in recent weeks.

Competition suit halted

Continued from Page 1

implications of another aspect of IBM's activities, although it had not opened a formal investigation.

The examination focuses on the legality of IBM's decision to withhold "source code" from some of its recent software packages. Source code provides valuable clues to the way in which software is written.

The case against IBM, launched in late 1980 after a seven-year investigation, is the largest and most complex in EEC history. It was brought after complaints about IBM's practices by several U.S. manufacturers.

The EEC accused IBM of abusing a dominant position in violation of the Rome Treaty. IBM has consistently denied any wrongdoing.

The Commission originally brought four charges against the company. These were later narrowed to two, which concerned IBM's policies for disclosing "interface" information and for marketing main computer memories.

● The UK Department of Trade and Industry has asked for public comments to be submitted by September 14 on the plan by IBM and British Telecom to form a joint venture to operate an advanced data communications network in Britain.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday August 3 1984

IMF CREDIT TERMS THREATEN BANK SUPPORT

Filipino group faces collapse

BY CHRIS SHERWELL IN SINGAPORE AND EMILIA TAGAZA IN MANILA

THE THREAT by a state bank in the Philippines to foreclose on its loans to the debt-ridden Marinduque Mining and Industrial Corporation could trigger the country's largest-ever bankruptcy.

The Philippines National Bank (PNB) made the threat earlier this week, and implementation would almost certainly be followed by foreclosure by another state bank, the Development Bank of the Philippines.

The two banks are among the biggest lenders to Marinduque, which has total outstanding debts amounting to 18bn pesos ($1bn). The company is believed to be resisting the move, but despite a possibility that Marinduque copper mining operation might be saved, the outlook is grim.

The main reason behind the threat is that the two banks' ability to go on propping up numerous stricken companies will be hurt by the terms of an SDR 615m ($621.7m) standby credit being negotiated by the Manila Government with the International Monetary Fund.

Agreement on these terms could be as late as October. But an accord, which is essential for the Philippines to reschedule its $25.6bn debt, will entail credit restrictions which make some insolvencies and closures inevitable.

Marinduque mines nickel and copper and owns a $500m nickel refinery on the southern island of Mindanao. But it was forced to halt most of its operations between December and February, hit by the energy crisis and fall in nickel prices which prevented the company servicing its debt.

In a fresh development yesterday, the possibility was held out of a future for Marinduque's copper mining operation on the central Philippines island of Negros.

Marubeni, the Japanese company, and the Philippines Associated Smelting and Refining Corporation (PASAR), have offered a 300m peso advance against future copper sales by Marinduque. A condition of the arrangement is that world copper prices rise to 70 to 75 cents a pound.

PNB and DBP hold 36 per cent of Marinduque's total outstanding stock under a bail-out begun in 1981. A restructuring scheme which has been under negotiation for months would give them 67 per cent ownership, but the arrangement now appears to be running aground.

Under the proposed restructuring, 13bn pesos of the company's debt would be converted into common stock and non-interest bearing loans. For PNB this would involve 1.5bn pesos of debt, and DBP about 2bn pesos. Both figures amount to some 22 per cent of the two companies' exposures.

Other mining companies in the Philippines have also been troubled by heavy debt burdens and the country's foreign exchange. But Mr Jaime Ongpin, head of the more-successful Benguet Corporation, has described Marinduque's plight as the biggest financial disaster in the country's corporate history.

He says that, in particular, the company's nickel refinery was a high-risk venture because it involved a process which had not been a commercial success.

Siemens improves margins and profit

By Jonathan Carr in Frankfurt

SIEMENS, West Germany's biggest electricals concern, raised net profit by 19 per cent to DM 642m ($220m) in the first nine months (to June 30) against the same period of 1982–83, on sales up by 7 per cent to DM 30bn.

The result, which implies a profits to sales ratio up to 2.1 per cent after 1.9 per cent before, is felt likely to increase speculation of an increase in the almost traditional 18 per cent dividend.

Siemens also raised its investment spending in the first nine months by 29 per cent to DM 1.4bn. Order intake at home and abroad increased, with the overall total up by 3 per cent to DM 36.1bn. Excluding power station business, which brought an unusually sharp jump in orders early last year, the increase this year is 9 per cent.

Foreign orders rose by 6 per cent to DM 18bn, thanks above all to strong demand from the U.S.

The boom in modern technology brought a rise in demand for electronic components of more than 40 per cent.

Domestic orders totalled DM 18.1bn – an improvement of 9 per cent, or of 13 per cent if power station business is excluded. The emerging upturn in the German economy was largely responsible for the increase.

Orders in hand were up by 10 per cent to DM 62.9bn.

AM International

We have been asked to point out that AM International, which was the subject of a notice published on July 27 relating to Chapter 11 Bankruptcy Code proceedings, is not connected in any way with the American Medical International group, the international health services corporation.

Deutsche Bank expects later gains after first-half fall

BY OUR FRANKFURT CORRESPONDENT

DEUTSCHE BANK, West Germany's largest commercial bank, expects profits for this year to be close to the high 1983 level, after allowing for risk provision and other additions to reserves.

The bank disclosed in an interim report that operating profit – which includes earnings from own account trading – fell 5.9 per cent in the first half year against the six-month average of 1983.

Partial operating profit, which covers only interest and commission earnings less personnel and administrative costs, was down 4.2 per cent to DM 913.2m ($313.3m).

The figures indicated that Deutsche, the last of the so-called "big three" banks to present a half-year report, continues to have a clear profits edge on its rivals.

Dresdner, West Germany's second largest bank, reported partial operating profit down 14.1 per cent to DM 363m and Commerzbank said its fall was 14.9 per cent to DM 293.5m.

Deutsche, which has already made clear it expects to maintain a 24 per cent dividend for this year, saw its interest surplus fall in the first half year by only 0.3 per cent to DM 2.1bn.

Like other banks Deutsche has suffered a fall in its interest margin, but it virtually made up for this by boosting business volume by DM 2bn to DM 124.7bn in the first half.

Claims on customers rose DM 1.3bn and at mid-year surpassed the DM 60bn mark for the first time. Credit to other banks was further reduced by DM 600m to DM 5.4bn.

In other bank half-year reports Bayerische Vereinsbank said partial operating profit was down 15 per cent. While the interest surplus fell 4.6 per cent to DM 594.7m, the surplus from commissions business rose 8.1 per cent to DM 123.1m.

Hessische Landesbank, the country's third largest provincialbank, reported partial operating profit down to DM 125m from DM 186m

St Regis merger finance arranged

By Our Financial Staff

CHAMPION International the U.S. forest products group which has emerged as the white knight in the St Regis bid-battle with Mr Rupert Murdoch, the Australian publisher, yesterday outlined its financing plans for the acquisition of its company rival.

In a filing with the SEC, Champion says it has entered into a credit agreement with a group of commercial banks to provide $1.05bn to fund its offer for St Regis stock. The borrowing would be repaid through the sale of Champion St Regis assets, including certain units unrelated to its main businesses, by seeking long-term financing or selling its securities.

Under the offer made earlier this week Champion has agreed to pay $55.50 a share for as much as 60 per cent of St Regis common, and $81.03 for each of 2.1m St Regis convertible exchangeable preferred shares.

MacMillan Bloedel returns to profit

By Our Financial Staff

MACMILLAN BLOEDEL, Canada's largest forest products group, bounced back into profits for the second quarter following a C$17.5m (U.S. $13.46m) operating net loss in the first quarter caused by the nine-week British Columbia pulp and paper dispute.

However, the second-quarter profit of C$5.3m was less than half the C$11.7m or 27 cents per share in the same period last year. In the latest period, there were no common share earnings after preferred dividends. For the half year, the company recorded a C$12.2m loss, compared with an operating loss of C$11.3m, and a final net profit of C$14.1m after a special gain on the sale of assets. Sales for the last six months were C$946.1m compared to C$1.03bn, and for the latest quarter slipped from C$588.7m to C$534.2m.

MacMillan Bloedel said lumber markets had "deteriorated significantly" in the second quarter and prices had dropped by up to 30 per cent since March due to high production levels in both Canada and the U.S. and weak demand from Japan and Europe. The North American lumber market is currently suffering from oversupply and lower prices.

However, pulp markets remained firm in the second quarter, while the market for newsprint continued to strengthen along with that for container board. The outlook for the three markets is expected to be favourable for the balance of the year, the company added.

Australia likely to seek foreign bank licence applications soon

BY LACHLAN DRUMMOND IN SYDNEY

FOREIGN BANKS and local financial institutions are likely to be called for formal expressions of interest in new banking licences in Australia soon after the budget on August 21.

The possible timing of the call for applications was revealed yesterday – the day after Australia's banks were freed to enter the short-term money markets and were freed also from the 60 per cent restriction on shareholdings in merchant banks.

Mr Paul Keating, federal treasurer, said he hoped to call for applications for banking licences soon after the budget and before he leaves on September 17 for the International Monetary Fund annual meeting.

Mr Keating is working on the conditions for new bank entry, although procedures for the calling of applications are still to be decided by the Cabinet.

Mr Bob Hawke, Prime Minister, said last week one part of the conditions would be that every effort should be made to ensure 50 per cent local equity and that new banks should not concentrate on the wholesale end of the market.

"We will be looking to new banks with foreign equity to provide a competitive edge and a range of improved services to bank customers," he said.

"Foreign banks with a history of providing finance to promote emerging industries, restructuring initiatives and other new opportunities for growth and development will be particularly well regarded."

Lifting of restrictions on the trading banks from Wednesday saw Westpac, the largest private bank in Australia, reveal plans to buy out the Bank of Tokyo's 40 per cent share in the largest merchant bank, Partnership Pacific.

Westpac has 60 per cent of PP which, at September 30 last, had total assets of A$1.1bn ($918.6m) and net shareholders' funds of almost A$50m.

The Bank of Tokyo is a favoured candidate for a banking licence. Two years ago it set up BOT Australia as a 50 per cent owned offshoot with the State Bank of New South Wales and two state insurance institutions providing the local equity. Bank of Tokyo meets the geographic criteria for a banking licence and is said to be the Japanese Ministry of Finance's selected bank should a licence be granted to a Japanese group.

The bank held a banking licence which was revoked during the Second World War.

Brascan's Great Lakes affiliate restructured

BY BERNARD SIMON IN TORONTO

GREAT LAKES GROUP, an affiliate of Canada's Bronfman-controlled Brascan conglomerate, has been restructured into a financing vehicle for Brascan and two new shareholders in Great Lakes, the Canadian Imperial Bank of Commerce (CIBC) and Merrill Lynch Canada.

Brascan said the restructuring of Great Lakes would facilitate the financing of Brascan "and other selected companies" including improved access to international capital markets through its links with CIBC and Merrill Lynch.

Great Lakes will probably have a "smallish" group of clients, and a public share offering is envisaged in the next two years, Brascan said.

Great Lakes, which is 49 per cent owned by Brascan, has assets of C$750m (U.S.$577m) split almost equally between cash and short-term investments, portfolio investments in a number of companies – including financial institutions controlled by Brascan and in Brascan itself – and a power utility in northern Ontario. Brascan, controlled by Mr Edward and Mr Peter Bronfman, has diverse interests in natural resources, consumer products and financial services.

Triomf expects further gains

By Jim Jones in Johannesburg

TRIOMF, the South African fertiliser manufacturer, expects profits during the second half of the financial year to be significantly higher than for the first half. The six months to June 30 1984 resulted in a disclosed pre-tax profit of R516,000 ($310,000) against R563,000 in the first half of last year and R77,000 for 1983 as a whole.

Trading was affected, the directors say, by a price war, which has now ended, low capacity production at the Potchefstroom factory and the high cost of raw materials bought under contract in the first quarter.

InterNorth improves

By our Financial Staff

INTERNORTH, the diversified energy concern, raised net profits for the second quarter to $50.7m or 87 cents share from $32.2m or 71 cents for the same period last year. The year-ago quarter net is after a 12 cents-a-share writedown on investment in Bucyrus-Erie, the U.S. mining and industrial machinery concern.

The company warned it will be taking a 14 cents-a-share write-off in the third quarter, because of cancellation of a coal slurry pipeline project by a U.S. consortium.

U.S. electronics groups to expand in Taiwan

BY BOB KING IN TAIPEI

FOUR OF Taiwan's foreign-invested electronics groups are in the middle of ambitious multi-million dollar expansion plans involving both increased capacity and new product lines.

The four companies General Instruments, Texas Instruments, TRW and RCA – last year had combined export sales of $455m. RCA was Taiwan's largest exporter in 1983, shipping nearly $183m worth of televisions and TV components.

Both RCA and Texas Instruments declined to comment on their expansion plans, citing company policy but General Instruments and TRW were more candid

General Instruments is proceeding with a $10m expansion of its discreet semiconductor division that involves new automated equipment, increased plant space and the development of new products.

TRW, which last year shipped nearly $28m worth of capacitors, power supplies and transformers, is investing $5m in a second factory site in southern Taiwan.

Gulf Bank up 12%

BY PETER MONTAGNON IN LONDON

FIRST-HALF profits at Gulf International Bank rose 12.63 per cent over the same period of last year to $31.7m, the bank announced in Bahrain.

Total assets of $6.9bn were up by $600m on their levels of a year ago, but below the $7.44bn reported at the end of 1983. The bank said its loan portfolio totalled $3.97bn at the end of June, slightly below the $4.04bn posted for the end of 1983.

Mr Sultan Al-Suwaydi, general manager, said the higher earnings reflected an increased contribution from the bank's merchant banking group as well as a reduced rate of growth in total operating costs.

Shareholders' equity rose to $479m from $447m at the end of December and $441m at the end of June 1983. The bank is owned by the Governments of Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Norsk Hydro doubles profits

By Our Financial Staff

NORSK HYDRO, Norway's biggest industrial group with interests in oil and gas, chemicals and light metals, more than doubled its net profits during the first half of this year to NKr 1.16bn ($138.5m) from NKr 570m in the same period a year earlier. Sales and other operating income rose to NKr 16.67bn from NKr 13.72bn.

The company said profits at the operating level rose to NKr 3.04bn from NKr 1.92bn, with operating profits from the petroleum sector, at NKr 1.99bn, accounting for almost two-thirds of the total, thanks to increased gas sales.

By contrast, the market for refined oil products continued to show considerable weakness, while conditions in the aluminium and petrochemicals products markets remained favourable.

UK COMPANY NEWS

Barclays Bank £46m up at midway

DESPITE MAKING further substantial provisions for bad and doubtful debts, **Barclays Bank**, the UK's biggest clearer, raised its pre-tax profits by £46m to £308m for the first six months of 1984.

Earnings emerged 3.3p down at 45.1p per £1 share, but shareholders' dividend is being stepped up by 1p to 12.5p net.

The provisions, both specific and general, rose from £205m to £231m and reflect continuing problems experienced by borrowers at home and abroad.

As indicated at the annual meeting, the bank has decided to provide for the effects of the Budget changes in tax rates and allowances and the potential tax liabilities unprovided at the end of 1983.

An amount of £543m has been transferred from reserves to cover this charge. However, Barclays chairman, Sir Timothy Bevan, says payments will be made over a considerable number number of years during which time the funds will remain available to support the business.

First half retentions, together with the US$350m loan capital raised earlier this year, have come close to restoring the bank's capital resources to their end-1983 levels.

On the domestic side, all group operations improved but of the international activities, South Africa and the Rest of the World showed falls of £20m and £23m respectively.

The group's total profits for the half year advanced from £305m to £380m. An analysis of these by geographical area shows domestic—Barclays Bank £208m (£132m), Barclays Merchant Bank £7m (£6m), Mercantile Credit £23m (£17m) and

Hugh Routledge

Sir Timothy Bevan, the chairman of Barclays Bank, says there are no present plans for a rights issue.

other domestic companies £39m (£37m); and international—UK £16m (£19m), U.S. £31m (£5m), South Africa £27m (£47m) and the Rest of the World 29m (£52m).

The South African operations were adversely affected by a reduction in interest margins due mainly to the effects of the country's monetary policy.

Group operating profits totalled £342m (£269m) to which associates added a further £38m (£36m). The pre-tax results was struck after deducting interest on loan capital of £72m, against a previous £43m.

Tax charge almost doubled to £142m (£75m) but minorities accounted for only £12m this time, compared with £22m.

Extraordinary items comprised the deferred tax provision, balanced by the transfer from reserves, an da £12m surplus arising from the reduction of a hoding in a subsidiary company.

The charge against profits in respect of specific provisions at £189m showed a small improvement on the levels experienced in 1983. Of the total, £85m arose from domestic operations, including subsidiaries, and £104m from international activities.

It is pointed out that in continuing recognition of the possible repercussions of the problems of the world economy on the value of group assets, it was decided to charge against profits a further £42m in respect of general provisions. These now stand at some £350m.

On the domestic front volumes have continued to rise at Barclays Bank, which takes in the UK clearing bank and Barclaycard, and lending margins have improved. However, continued competition for retail funds and an increased reliance on the wholesale market has been experienced.

Commission income has increased and overheads have again been well contained. Although economic recovery is continuing, the bank says the level of provsions is again high.

Barclaycard continued to grow rapidly and achieved a further increase in operating profits.

In a statement following the release of the interim results Sir Timothy said the bank had no present plans for a rights issue.

The sharp rise (£95m) in domestic profits arose out of tigh controls and an increase of betwen 25 and 30 per cent in commission income.

The chairman revealed that the bank had gained 650,000 new customers since this time last year, which had raised total current accounts to 7m.

Mr John Quinton, Barclays' senior general manager, said he thought interest rates would remain at their current levels until the autumn and then start to fall.

The proposed merger of Barclays Bank International has received Royal Assent enabling the merger to take place on January 1 1985 as planned.

For the whole of the 1983 year, the bank made pre-tax profits of £557m which the directors said were not unsatisfactory in the light of the strains to which international banks had been exposed. They pointed out that the year had been the worst ever for business failures and that the results had been adversely affected by bad and doubtful debt provisions.

See Lex

Johnstone's Paints down at six months

FIRST HALF pre-tax profits of Johnstone's Paints declined from £634,000 to £490,000 but the net interim dividend is being held at 1.765p per 10p share.

It is anticipated that the group will maintain its share of the decorative paint market in the second six months.

Turnover for the opening half, to June 2 1984, improved from £4.42m to £4.61m. The reduction in profit arose from a significant increase in raw material costs and wage settlements which the group was unable to pass on to its customers owing to severe price cutting by competitors.

The expansion programme is on schedule with the new Manchester depot and the extensions at Birmingham and Bolton completed in the first half. The factory warehouse extension should be ready by November.

Tax for the half year took £220,000 (£356,000) and earnings totalled 2.56p (3.12p) per share.

Despite difficulties in the paint industry the group pushed its pre-tax profits for the 1983 year up to a record £1.93m (£1.85m).

The group's shares are traded on the USM.

● comment

The tough competition in the UK paint market has finally got to Johnstone's. For five years this USM company made steady if unspectacular progress while other paint manufacturers suffered from recession. Now Johnstone's has been squeezed hard between rising raw material and labour costs and the impossibility of raising prices without losing market share. This Northern-based company's difficulties were compounded by the miners' strike and by a three week strike at its own factory. The outlook for the second half is a little better since the warm weather has encouraged house painters to pick up their brushes but the 5p fall in the share price to 85p fairly reflects the fact that the immediate future for Johnstone's will not be easy. Next year looks much brighter since the opening of the warehouse extension, increasing storage space by 70 per cent, will allow the company to increase production and tender for large contracts from retail chains to add to its trade sales. Johnstone's should make £1.4m pre-tax this year, putting the shares on a p/e of about 9½, assuming a 30 per cent tax charge.

Lonrho maintains upward trend with 22% rise so far

THE UPWARD trend forecast at the last year-end by Mr Roland "Tiny" Rowland, chief executive of Lonrho, has been realised in the six months to March 31 1984 with a 22 per cent increased in taxable profits.

The result at the midway stage was £53m, up from £43.4m, and is accompanied by a confident expression that the traditionally better second half will produce a "highly satisfactory" overall result.

The substantial increase in group profit was achieved on turnover which rose by four per cent, from £1.1bn to £1.15bn. For the last full year this international trading group turned in a result 50 per cent higher, at £113.2m, on turnover of £2.34bn.

The directors' confidence is reflected in the payment of a second interim dividend of 3.5p net per share, in addition to the special 1p paid last April. The total last time was 9p.

The group's share of the turnover of associates for the period amounted to £454m (£369.5m), and is excluded from the stated figure. The profit before tax includes £24.8m (£18m) from associates.

The group's tax charge increased from £20.2m to £25.6m, and minorities accounted for rather less than last time at £3.9m against £7.1m.

Attributable profits came out at £23.5m, a 46 per cent increase over last year's £16.1m. Earnings per share increased by the same proportion to 8.9p.

The last full financial period saw a 103 per cent rise in both attributable profit and earnings per share, the highest increase for 17 years.

In analysing the results so far, the directors point out that hotel and leisure interests in both the UK and the Americas have made a significant contribution to the increase in group profitability, while commodity-based activities in Africa have, overall, performed well.

In the UK the increase from manufacturing was partially offset by a lower return from the effect of the delay in launching the new Golf. Since the launch, sales of the Golf have been strong and VAG (UK) have maintained their share of the domestic car market.

They add that Lonrho has been appointed UK concessionaire for the range of vehicles produced by the Spanish motor manufacturer SEAT.

Other developments have involved the casino activities of the group in the UK, which have been further expanded and strengthened by the transfer of the International Sporting Club licence to larger premises in Park Lane and the acquisition of two additional London casinos. The casino in Park Lane opened on July 18.

The directors add that, as previously announced, two additional Lonrho directors will stand for election to the House of Fraser board at that company's next agm.

See Lex

HIGHLIGHTS

After briefly looking at the latest trends in the gilt-edged market Lex comments on the figures from Barclays Bank where profits are broadly in line with expectations at £308m. The increase is due to a rise in commission income and slightly better provisions. The column then turns its telescope onto Lloyds Bank which is buying out the minority in Lloyds and Scottish as expected. The price is pitched at roughly book value and Lloyds will probably soon be selling its holding in Royal Bank of Scotland. The column finally turn its attention to the figures from Lonrho where a 46 per cent rise in interim earnings is in line with market hopes.

Acquisition boosts Cowie to £807,000

THE ACQUISITION of the Hangar Group by T. Cowie has had an immediate effect on results says Mr Tom Cowie, chairman. Pre-tax profits increased from £316,000 to £807,000 for the nine months to the end of June 1984.

Turnover of this motor vehicle dealer, coach operator, safety equipment and finance company expanded from £75.36m to £100.08m. Results are for nine months out of a 15 month period as the company is in the process of changing its year-end to December 31.

A net interim dividend of 1p has been declared which compares with 0.8p in the first half last year. In the last full year a total of 2p was paid from pre-tax profits of £1.13m on turnover of £104.72m.

Earnings per share for the nine months were shown as increasing from 0.85p to 4.36p.

Mr Cowie says property disposals are progressing but the effect will not be felt until next year because of planning consents required by purchasers. The disappointing trend in interest rates has dampened slightly a "very optimistic" picture.

Hanger Group figures are included in the interim figures from April 9 1984 and have had an immediate effect on results, with a significant contribution from leasing activities, together with all acquired dealerships making profits.

In the motor division, the restoration of manufacturers' bonuses by Ford during May and June, together with the company's GM dealerships achieving record profit levels, helped this division to improve its performance substantially.

Pre-tax profits were struck after increased interest costs of £2.29m against £1.07m, and included lower profits from related companies of £375,000 (£453,000).

● comment

The bones of Cowie's figures need to be examined fairly carefully. Both operating profits and the interest charge have gone soaring after the Hanger acquisition and at the pre-tax line Cowie is nearly £500,000 ahead. More than £300,000 is straight in from Hanger, while another £100,000 can be put down to a decline in the underlying interest charge at Cowie. Hanger's Interleasing subsidiary will almost certainly be sold into the 50:50 joint venture with Forward Trust, relieving Cowie of the operations mammoth level of debt, though, of course, part of the operating profit will equally disappear. Yet even with Interleasing off the balance sheet Cowie's core debt is still around £18m against £15m of shareholders' funds. That imbalance will persist throughout the year until dealership disposals (there are four too many under Ford's rules) get going. That aim is to take capital gearing down to 60 per cent by next year. Meantime the extended 15-month period will take in two dog quarters of September-December. Cowie might expect to lose around £400,000 then and so £1½m pre-tax may be all that could be expected. Next year shareholders should be looking for £2m or more unless the car market crashes. The price of 38p—just about equal to a third of n.a.v.—looks on the lean side given the prospects over the longer term.

Aaronson Bros reports £0.8m advance at halfway

THE HALF YEAR to March 31 1984 saw pre-tax profits at Aaronson Bros advance from £1m to £1.84m. Despite the usual seasonal slowdown in demand, the directors say trends at the veneer merchant have continued to be favourable, and they expect a satisfactory result for the year.

They have recommended an interim dividend of 1.2p against 0.9p for the comparable period last year, but say the rise should not be taken as an indication of the likely final.

Sales for the half year were over 16 per cent up at £47.12m (£40.58m). The tax charge was £402,000 (£205,000), leaving attributable profit at £1.44m (£733,000).

● comment

Aaronson's 84 per cent pre-tax profits increase puts it well on the way to matching its 1979 record of £4m for the year. Gross widened by 1.5 points to nearly 4 per cent, partly thanks to overhead savings achieved by a £10.7m investment in new plant over the past four years. Aaronson has also managed real price increases on the back of a revival in the furniture and DIY trades and an easing in import competition. Continental European producers, which take an estimated 60 per cent of the UK board market, have allowed export prices to harden as demand in their home markets has recovered. It looks as if the group has gained market share, because its regional network of five deposits has allowed it to respond quicker to increases in demand than competitors which rely on central distribution. Net borrowings have continued their downward trend to £11.7m, still a demanding 67 per cent of shareholders' funds. The shares succumbed to a bout of profit taking and slipped 3p to 55p, where they yield 6.4 per cent.

Blue Circle offshoot makes good progress

Consolidated profit before tax at Blue Circle Southern Cement rose 36 per cent in the six months to June 30 1984, from A$13.19m to A$17.9m (£11.37m).

The Sydney-based group, 41 per cent owned by Blue Circle Industries, reported sales revenue up from $91.46m to $108.14m. Trading profit was $23.39m ($13.19m). Tax took $8.41m ($6.33m), depreciation $6.01m ($5.98m), and interest $2.17m ($2.82m).

Demand for cement products suffered a sharp downturn in Australia in the first half of 1983. However, a better trend in the second half continued into the first half of the current year. The group expects the improved market in NSW, Victoria and Western Australia to hold firm, though further growth is unlikely, given the present economic climate.

MINING NEWS

A waiting game for 'Freddies'

BY KENNETH MARSTON, MINING EDITOR

IT TAKES a brave mao in these uncertain days to forecast near term prospects for a South African company which depends largely on the fortunes of gold and the vagaries of exchange rates.

But Mr Basil Jackson, chairman of Free State Development and Investment (hetter known as "Freddies"), is prepared to put his personnal view in the company's annual report that results for 1985 "are unlikely to differ materially from those of the past year."

During the company's past financial year, which runs to June 30, net profits improved to R12.19m (£1.01m) from R1.91m in the previous 12 months and the dividend total was raised to 55 cents from 50 cents. The net asset value, taking in investments at market prices rose 8.3 per cent to R40.2m, or 1,107 cents (512p) per share.

There are two main aspects to "Freddies." The first is its investment portfolio which provides the bulk of income. This is comprised mainly of South African gold shares which contributed 79 per cent of the past year's increased dividend income of R1.63bn.

The other aspect is the company's minerals rights, the acquisitioo of which dates back many years. It is the existence of these rights which provides spice for the future and which accounts for the fact that the company's current share price of 625p exceeds the asset value and leaves only a modest dividend yield of under 5 per cent.

Contrary to some opinions, gold mining is still a very lucrative game, especially in South Africa. Starting a new mine from grass roots, however, is a costly and lengthy business, but turning to acconnt areas which can be worked from existing mines can be a paying proposition, as we have seen in recent years.

"Freddies," with its holdings of mineral rights in the Orange Free State and Klerksdorp gold areas, is thus well placed for such deals with neighbouring mining companies. As Mr Jackson says, "the turning to account of mineral rights is often a slow business," but "Freddies" "hope to derive the appropriate reward for shareholders in due conrse."

Hope stirring in the coal export markets

ALTHOUGH prices of many metals and minerals remain depressed there is growing evidence of an increasing demand for such prodncts, ootably copper and iron ore, which could lead to a firming in prices by the end of the year.

The latest indication of this comes from the depressed export market for coal which has been subject to falling demand and extremely competitive trading. In May Mr Graham Boustred, chairman of the big South African Anglo American Coal Corporation commented that the fall in prices of steam coal on the international market had bottomed following reduced exports from the U.S. and the UK.

Now comes oews that South Korea is to import an, admittedly modest, extra 500,000 tonnes of hard coal this year to meet shortages of cooking and heating fuel. This will raise the country's planned imports of coal this year to 1.06m tonnes as part of the total coal requirements of an estimated 21m tonnes.

In the bigger league, the Australian Government has approved new steaming coal contracts with Japan at prices close to those of a year ago; this follows negotiated price reductions earlier this year for coking coal and iron ore and a subsequent sharp increase in sales of the latter material.

The latest contracts for steaming coal were settled between division of CSR and Oakbridge with Japan's Electric Power Development Corporation at A$43.40 per tonne and are expected to serve as a benchmark for Australia's soft coal sales. In the 1983-84 year Australia shipped about 9.5m tonnes of steaming coal to Japan.

BOARD MEETINGS

TODAY

Interims: British American and General Trust, Martin Ford, Gartmore Information and Financial Trust, Lloyds Bank, Rights and Issues Investment Trust.

FUTURE DATES

Interims:

APV	Aug 23
Alliance Trust	Aug 10
Corah	Aug 15
Fleming Mercantile Investment Trust	Aug 14
IMI	†Aug 14
Palma	Aug 13
Pearl Assurance	Aug 22
Pentland Industries	Aug 30
Saga Holidays	†Aug 23
Unidare	Aug 10

ICC up 39% and more growth seen

PROFITS BEFORE tax of ICC Oil Services moved ahead to £891,579 in the year to March 31, 1984, an improvement of 39 per cent over the previous year's restated £639,503.

Current indications are that the group will show an improved performance in the present year. The directors point out, however, thet despite a slow improvement in the general economy margins will continue to be under pressure.

The dividend is being held at 0.02p net per 10p share. Earnings rose from 0.54p to 1.53p.

Turnover was little changed at £11.82 (£11.7m) as were gross profits at £2.64m, compared with £2.61m—the group specialises in corrosion protection and maintenance of North Sea oil rigs. Its shares are traded on the USM.

Administration expenses fell to £1.49m (£1.88m) but interest income alao fell back at £4,493 (£129,346). Interest charges took £285,893 (£221,859).

Tax accounted for £126,979 (£385,744) to leave net profits £510,841 aheed at £764,600.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aaronson Bros ......int.	1.2	Oct 5	0.9	—	2.1
Barclays Bank ......int.	12.5	Oct 10	11.5	—	24
Bertam¶	0.88	Sept 21	0.88	0.88	0.58
Peter Black	1.96	Oct 8	1.75	2.91	2.63
T. Cowie¶ ......int.	1	Aug 24	0.8	—	2
ICC Oil‡	0.02	Oct 1	0.02	0.02	0.02
Johnstone's Paints‡ int.	1.77	Oct 19	1.77	—	4
Law Debenture ......int.	2.55	Oct 1	2	—	4.75
Lonrho ......2nd int.	3.5	Oct 1	3	—	9

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For nine months.

Extraordinary charges amounted to £379,764 (£37,790), including deferred tax of £333,000. Attributable profits emerged ahead at £384,836, against e previous £220,264.

During the year the group merged with London Stone end then subsequeotly with Jeokins & Davies. The group's figures ioclude the results of London Stone for the 15 months to March 31, 1984 end the results of Jenkins & Davies for the 12 months to February 29, 1984.

Comperative figures include London Stone for the year to end-December 1982 and the results of Jenkins & Davies for the year to February 28, 1983.

Jenkins & Davies has recently commenced a £6m contract to dismantle part of the Esso refinery at Milford Haven and ship the components to the Middle East.

The contract will be completed in 10 months resulting in a "substantial" profit contribution in the current year.

Five businesses acquired from Pritchard Services last August heve been reorganised and a much better result is expected here.

● comment

Few companies can heve changed their spots more completely in the past year than ICC Oil Services. Before the acquisitions of London Stone and Jenkins & Davies, around 75 per cent of the group's turnover was related to the troubled ship and oil rig cleaning industry. That has now dropped to more like 10 per cent, with the rest concentrated on on-shore maintenance and fabrication, and industrial cleaning, where it has gained a foothold in the growing nuclear power station decontamination business. Meanwhile, offshore contracting, which turned in only e marginally increased taxable profit of £209,000, is now seeing a growing number of long-deferred projects at last coming to fruition. J. & D's. £6m Middle Eastern oil refinery contract, greeter activity offshore, end an improved result from industrial services following a chenge of menagement should lift group pre-tax profits this year to at least £1.4m. That puts the shares, unchanged at 19p, on a prospective multiple of 7.6, assuming a 10 per cent tax charge.

P. Black reaps benefit of expansion with £4m profit

IN ANNOUNCING pre-tax profits up from £3.48m to £3.97m for the year to April 30 1984, the directors of Peter Black Holdings consider that hte improved performance, especially in the *second half, reflects* the *positive* impact of the group's investment programme.

The group has traditionally been a manufacturer of footwear and luggage, hut has recently expanded into lighting, ceramics and glasware.

The second half added £2.16m to the total, against £1.74m, and the directors say that prospects for new and existing product areas are encouraging.

A final dividend of 1.96p net has been recommended, which with the 0.945p interim raises the total from 2.625p to 2.905p. A one-for-one scrip issue is also recommended.

Group turnover rose by 23 per cent to £62.07m.

The tax bill was £182,000 higher at £995,000. Attributable profits increased from £2.66m to £2.97m, from which dividends took more at £465,000 against £420,000. Stated earnings were 16.56p per 25p share, up from 15.63p.

The annual meetiog will be held on October 5.

Bertam turns in £0.7m

PRE-TAX profits of £698,000 have been produced by Bertram Holdings, Malaysian plantations holding company, for the nine months to the end of 1983, against 516,000 for the year to the end of March 1983.

The single dividend payment has been held at 0.875p net. Earnings per 10p per shere are shown as the same at 1.57p before extraordinarily items, and as falling from 5.94p to 1.93p after.

Turnover was £1.33m against £1.42m.

Gross profits moved up from £426,000 to £544,000. Pre-tax profits included income from fixed assets investments of £106,000 (£115,000), other interest and similar income of £103,000 (£112,000), gain on sale of fixed assets investments of £14,000 (£4,000), end related companies profit of £194,000 (£108,000).

There was a loss of on disposal of tangible fixed assets of £1,000 (gain £46,000). Distribution costs took £141,000 (£124,000) and administration costs came to £121,000 (£171,000).

The compeny is changing its year eod to December 31.

Tax took £385,000 (£203,000), after which extraordinary credits added £72,000 (£676,000).

Extraordinary credits consisted of a surplus arising from compulsory land acquisition of £64,000 (£904,000) and professional expenses in connection with Malyasianisation of £15,000 (£23,000). There was a related company surplus from compulsory land acquisition of £27,000 this time, subject to £3,000 in tax, and sundry debits of £1,000 (£5,000).

Law Debenture improves in opening half

Net asset value per 25p share at the Law Debenture Corporation rose from 161.5p at December 31 1983 to 164.4p at June 30 1984. Earnings per share were 2.71p, against 2.27p at June 30 1983.

The interim dividend is raised from 2p to 2.25p net—last year's total was 4.75p. The directors expect that this year's final will be at least maintained.

First half income improved from £1.4m to £1.62m, and pre-tax revenue was up from £843,000 to £975,000. Tax was higher at £354,000 against £321,000.

Pennine to seek facility on the USM

Accompanying the report of a sharp decline in taxable loss from £3.84m to £573,000 in the year to March 31 1984, Pennine Resources has also announced its intention to seek a dealing facility on the USM.

The company regards the move as a preliminary to a full Stock Exchange listing when appropriate. It believes that the U.S., where its existing interests are located, still offers great commercial opportunities for companies which for one reason or another are in difficulties but with strong potential for recovery. It considers that these are "particularly attractive investments."

Pennine, an oil aod gas exploration compeny, hopes soon *to begin* to *report profits* and to make dividend payments for the first time since its formation.

Feedback set to match previous peak

Mr J. H. Westcott, chairman of Feedback, told the annual general meeting that the value of group orders received after four months of the curreot year was 30 per cent greeter than for the same period last year.

He said there had been a strong recovery of orders at Feedback Deta and that provided the present trend of orders continued he expected pre-tax profits for the year to at least equal the previous hest.

The chairmen edded that virtually all of the pre-tax profits would occur in the second half.

LADBROKE INDEX
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GEC spells out details of share purchase scheme

BY ALEXANDER NICOLL

General Electric Company yesterday spelled out details of a share purchase scheme for which it plans to seek shereholders' approvel at its annual meeting oo September 14.

It had said previously thet it would ask for authorisation to buy its own shares.

If the scheme is approved, GEC will be able to buy up to 250m shares, or 9 per cent of currently issued copital, at a minimum of 5p and e maximum of 300p each. The authorisation would last for 18 months, until March 13 1986.

GEC shares closed yesterday at 194p, up 10p, capitalising the company at £5.33bn.

Mr Philip Ralph, director of corporate finance, described the share scheme yesterdey as "a finencial weapon in one's armoury which one should have. If the share price were to fall, we take the view that GEC shares are a pretty good investment."

Share purchases, allowed in 1981 and given enhanced tax benefits in 1982, are on opportunity to get money back to shareholders in a tax-efficient woy, Mr Ralph said. In addition, if made at the right price and subject to interest and tax rates, purchases could increase the company's earnings per share.

Mr Ralph said that given GEC's cash position, expenditure on its own shares would not curtail its flexibility or ability to expand.

Details of the share scheme and of GEC's "cash mountain" were given in its annual report, published today. The "chairmao's statement" was written by Lord Aldington, the deputy chairman, because Lord Carrington has left the chairmanship and the board to become Secretary-General of Nato.

The annual report showed that GEC's "cash mountain" had risen to £1.57bn at March 31 from £1.35bn a year before. Cash at bank was £1.17bn and investments £400m.

BIDS AND DEALS

Security Centres in £38m U.S. buy

BY RAY MAUGHAN

TWO OF the most active British companies in U.S. fire and burglar alarms have struck a near $50m (£38m) deal whereby Security Centres and its 50 per cent-owned American subsidary, SCUSA, will buy Hotmes Protection from Mr Gaston Murray and Hewley Group.

Holmes is controlled by Security Corporation of America which is beaded by Mr Murray, who has 60 per cent of the equity. The balance is owned by Mr Michael Asbcroft's Hawley Group.

The underwriting will be taking place over a comparatively tong period that the offer sale is not expected to take plece before the beginning of October. In the meantime, the consent of Security Centres and SCUSA shareholders will be required.

The balance of the consideration will be made up by bank borrowings which Security Centres expects to recoup by the sale of those Hotmes' activities which do not fit geographically with its Eastern seaboard expansion. That suggests that the Chicago and Los Angeles operations will be put up for immediate salo and Security Centres' chairman, Mr Brien O'Connor said yesterday thet serious third party interest has already been expressed in these sites.

The quotations of both security centres and SCUSA were suspended on the London market yesterday, at 290p end 103p respectively, as arrangements were completed to underwrite a substantial proportion of the cash consideration.

Security Centres bolds 50.25 per cent of USM-quoted SCUSA but its shareholding is expected to come down to ebout 30 per cent as the result of the forthcoming issue of new shares, for which existing shareholders will be given preferential rights, in an offer for sale. An amount of £17.6m bas been underwritten by Kleinwort Benson, Aitken Hume, Edinburgh Investment Trust, Prudential Assurance, TR Industrial and General Trust and TR Technology Trust. The underwriting bas been hendled by stockbroker de Zoete & Bevan.

There is a small amount of inter-company debt to come out of tha deal which means thet the final consideration will be about $46m. Holmes' annual recurring revenues are in the region of $33m and net assets exceed $17m.

Hawley is aIready tied in with Mr Murray with the development of the Nu-Swift Industries group and Mr Asbcroft, baving consolideted Hawley's non-core operetions into Midepsa, the Montreal-based investment and trading operetion, has centred the continuing mainstream business on property security, cleaning and maintenance, and home improvement.

As such, the divestment of Hawley's stake in Security Corporetion of America might be interpreted as something of e departure from this strategy but Mr Peter Bain, who runs Hawley's bome improvement division, explained yesterday thet SCOA bad been too large for Hewley to develop further and the cash released would fund further expansion in the cleaning and janitorial services operations.

In the meantime, Hawley maintains its 50.1 per cent stake in Elyectro-Protective, another U.S. alarms concern. Hawley, Mr Bain said, would take and hold its estimated $2m stake in SCUSA after tha flotation.

Safeguard deal to refine investment plans

Safeguard Industrial Investments, the investment trust, is to acquire the 86.67 per cent of **Close Brothers Holdings**, which it does not already own in a deal which values the whole of Close Brothers, a small merchant bank, at around £3.7m.

In the deal Safeguard will issue 1.94m of its shares for the balance of the Close Brothers equity. Following the acquisition, Safeguard intends to invest £5m in Close Brothers to expand its capital base and its other subsidiaries.

Safeguard said yesterday that the proposed acquisition forms an important part of a new strategy which included the reorganisation of its operating structure and management.

The Safeguard board said that over the last few years the channels through which institutions may invest in unlisted companies bave increased substantially. It wished to expand Safeguard's operations and refine tha investment strategy in order to concentrate on more specialist investment.

Safeguard intends:

● to concentrate investment in unlisted businesses operating in three particular sectors—banking services and complementary activities; companies in new industries or high technology; and other unlisted companies with good prospects;

● to be prepared, where appropriate, to take controlling or 10 per cent interests in companies with activities complementary to banking services;

● to build up a professional in-house management team;

● to build up a stream of earnings from subsidiaries which, together with dividend income, will complement the capital growth from other investments.

As part of this strategy Safeguard is acquiring 100 per cent of Close Brothers which will give it the management team that it is seeking.

Safeguard has been edvised that the acquisition of the shares in Close Brothers should not alter its status as an investment trust. However it is expected that, before long, tha additional investment in Close Brothers will cause Safeguard to lose this status.

● comment

Mergers between investment *trusts and merchant banks are* not without precedent—the case of Charterhouse J. Rothschild springs to mind. Safeguard's takeover of Close Brothers, though it is on an altogether more modest scale, may bave at least as much logic in its fevour. Close bad reached a stage where its ebility to grow was bumping up against the limitations of its balance sheet, while Safeguard was looking for a new strategy on which to employ its assets. Since Close already figured in Safeguard's unquoted portfolio —following the management buyout in 1979—it was natural for Safeguard to inject more capital into Close. And as the main operating subsidiary of Safeguard, which is to lose its investment trust status, Close will be abla to supply managerial thrust (and merchant banking services) to the other occupants of tha Safeguard stable.

A. J. Gooding gets option on 30% holding in Delyn

BY ALEXANDER NICHOLLS

THE SHARE price of **Delyn Packaging**, a Caerphilly-based maker of packaging products and gift wrapping, rose sharply yesterday as it was disclosed that the Welsh Development Agency had granted an option on its 29.65 per cent stake in the company.

A. J. Gooding Group, a holding company chaired by Mr Alf Gooding, which already has interests in packaging and electronics, has acquired an option to purchase the Agency's 590,000 shares at 150p each before the end of 1985. Subject to Delyn's future share price movements, there may be additionalfi payments to the Agency.

Delyn's share price rose 32p to 135p, valuing the company at £2.7m.

Delyn said yesterday that its board has received no firm proposals on the company's future development, but would reveal any proposals, if received, which it considered to be in the interests of shareholders.

The WDA invested in Delyn in 1977. The company has seen some tough years since then, but showed a 27.6 per cent rise in pre-tax profits to £319,000 on turnover of £3.88m in the year ended January 29.

Applications pour in as Jaguar deadline nears

THE OFFER for sale of over 177m shares in Jaguar, the manufacturer of luxury motor cars, appeared to be a success at the close of business last night.

The final level of oversubscription will depend on whether the stags makes last minute rush at the Farrington Road offices of Barclays Bank this morning before the 10 am deadline.

The market has risen 4 per cent since the offer for sale was pitched at 165p per share and the dollar ended the day in London on a strong note against sterling—good news for Jaguar.

Applications have been arriving steedily all week. Yesterday, completed forms were being handed in at a rate of one every few seconds.

Some City observers estimate the issue may be oversubscribed ten times which would involve applications valued at around £3bn.

London Prudential 'approaches'

London Prudential Investment Trust said yesterday that it had received two approaches which may lead to an offer being made to its shareholders, and is discussing them with its financial advisers. Its share price rose 21p to 215p, valuing it at £17.2m.

At April 30 1984, the Trust's net asset value per share was 243.5p against 208.1p a year earlier. It invests in smaller companies in the UK and U.S., and is managed by Kleinwort Benson Investment Management.

The Trust has several large institutional shareholders: Atlanta Investment Trust with a 14.75 per cent stake acquired in Janoary, Sun Life Assurance (13 per cent), London and Manchester Group (12.7 per cent), Standard Life Assurance (7.5 per cent) and Commercial Union Assurance (6.25 per cent).

BIDS AND DEALS IN BRIEF

International Harvester (GB) has sold the assets of its retail outlet in Earls Colne in Essex, to Hunnable Holdings of Essex for £750,000. The sale is in line with International Harvester's policy of establishing dealerships in key areas of the country and then selling them as a going concern.

* * *

The Sydney-based merchant bank, Spedley Securities, acquired a controlling interest in Group Holdings for A$9.4m and not **Mercantile House** as stated yesterday. Mercantile has a maximum shareholding of 14.9 per cent in Spedley Holdings, parent company of Spedley Securities.

* * *

John Finlan has received acceptances in respect of 374,813 (10.76 per cent) ordinary in **Lincroft Kilgour Group**.

The directors bave extended the offer which is now due to expire on Wednesday, August 15.

* * *

Discussions are in progress which may lead to a scheme being proposed for the acquisition of all the 560,943 ordinary in **Walford Maritime Holdings** (50.4 per cent) not already owned by **British and Commonwealth Shipping** or by Messrs Hugh Walford, Keith Nethercot, Patrick Hurst and Colin Morgan —being the members of management involved in the proposed acquisition—at a price of 60p in cash per share.

* * *

Caparo Industries has acquired 135,000 ordinary in **Fidelity**, increasing its total holding to 3,185,000 (28.2 per cent).

* * *

Blake & Sons, a wholly-owned subsidiary of the **Anglo-Indonesian Corporation**, has agreed terms for the acquisition of **Golden Arrow Marine**, which specialises in marine equipment, for £473,650. As at May 31 1984 Golden had net assets of £251,650.

* * *

Contracts have been entered into for the sale by **Nolton Homes** to **Craftprime**, a subsidiary of **Amalgamated Estates**, of a freehold property, Nolton House in Hampshire, for £320,000.

* * *

The 2.8m ordinary shares (10 per cent) in **Renishaw** previously beld by Brown and Sharpe Manufacturing Co., have been placed by Rowe and Pitman with institutional investors at 215p each.

BANK RETURN

BANKING DEPARTMENT

	Wednesday August 1 1984	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	38,377,8 S1	— 6,948,977
Bankers Deposits	744,600,948	+ 3,354,067
Reserve and other Accounts	1,462,118,399	+ 67,635,702
	2,259,650,192	+ 64,040,792
Assets		
Government Securities	343,395,521	— 76,105,000
Advance & other Accounts	644,882,244	+ 4,263,127
Premises Equipment & other Secs.	1,260,985,614	+ 136,095,258
Notes	10,212,854	— 216,076
Coin	169,959	+ 6,485
	2,259,650,192	+ 64,040,792

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	12,160,000,000	— 40,000,000
In circulation	12,146,731,146	— 39,790,924
in Banking Department	10,218,854	— 216,076
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,170,038,731	+ 127,909,460
Other Securities	8,978,946,169	— 167,909,460
	12,160,000,000	— 40,000,000

Company Notices

COMPAGNIE FINANCIÈRE MICHELIN OVERSEAS N.V.

$US 60,000,000 8.25% GUARANTEED BONDS DUE 1988

Holders of the above mentioned bonds are hereby informed that the annual redemption instalment due September 18, 1984 amounting to $US 4,000,000 has been entirely repurchased in the market.

Consequently a drawing by lot will not take place this year.

The amount of bonds remaining outstanding after the redemption date will be $US 80,000,000.

BANQUE INTERNATIONALE A LUXEMBOURG Société Anonyme Fiscal Agent

Luxembourg, August 3, 1984

NOTICE TO BONDHOLDERS

REPUBLIC OF ICELAND

12,000,000 EUROPEAN UNITS OF ACCOUNT 9½% 1976-1980 BONDS

Pursuant to the provisions of the Purchase Fund notice is hereby given to Bondholders that no Bonds have been purchased for the Purchase Fund during the twelve-month period commencing July 16, 1983.

Amount outstanding: UA 16,435,000.

The Fiscal Agent KREDIETBANK S.A. Luxembourgeoise

August 3, 1984.

ALLCO INTERNATIONAL LIMITED

Guaranteed Floating Rate Notes 1996

Unconditionally and irrevocably guaranteed by THE LONG TERM CREDIT BANK OF JAPAN LIMITED

NOTICE IS HEREBY GIVEN that the Rate of Interest for the initial period has been fixed at 12⅝% p.a. and that the interest payable on the relevant Interest Payment Date February 4, 1985 against Coupon No. 1 in respect of US$50,000 nominal of the Notes will be US$3213.02

August 3, 1984

By Citibank, N.A. (CSSI Dept.) London Agent Bank

Legal Notices

Company No. 1710610

Registered in England

IN THE MATTER OF THE COMPANIES ACTS 1948 TO 1981 and IN THE MATTER OF ROBEN MARKETING LIMITED

Registered Office: 4 Charterhouse Square London EC1M 6EN

Business Address: 130/134 Pentonville Road, London N1

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948 that a MEETING of the CREDITORS of the above-named Company will be held at 4 Charterhouse Square, London EC1, on 3 September 1984 at 12.00 noon, for the purpose mentioned in Section 294 et seq of the said Act.

DATED this 27th day of June 1984.

By Order of the Board

M. SELLER

Director

International Property

International Property

THE PROPERTY MARKET

BY MICHAEL CASSELL

Bryant-Royal Life win in Birmingham

IN ITS biggest single property investment to date, Royal Life Insurance is to fund a 190,000 sq ft shopping scheme in the heart of Birmingham.

The completed scheme, on the site of the old Greater Midlands Co-operative Society store in the High Street, will be worth around £55m and will push the value of the Royal Life Insurance property investment portfolio above £500m.

Bryant Properties, in conjunction with Royal Life, has been chosen to redevelop the 250,000 sq ft store following a tender in which six major developers competed. The unsuccessful bids came from MEPC, Heron Property Corporation, Pengap Securities, London & Metropolitan Properties and John Laing Developments. Originally, over 40 potential developers put their names forward for consideration for the tender list.

The Co-op has agreed to sell the freehold for over £25m to Bryant-Royal Life on the basis that their scheme was most likely to receive planning permission. No consent for redevelopment yet exists.

Royal Life says the city centre site offers an exceptional opportunity to develop a modern, covered shopping complex in the middle of Birmingham and it expects to attract a large number of major retailing names.

Bryant's scheme, designed by Chapman Taylor Partners, will provide trading on four levels, grouped around a full-height atrium. It is proposed to form a direct link into the adjoining Marks & Spencer store, which is being extended as part of the development. The top floor of the centre will provide an American-style food court.

Paul Jillard, managing director of Bryant Properties, said the project represens a significant addition to a development programme embracing office and industrial developments in the Midlands and south east. For Royal Life, the specialist life insurance company within Royal Insurance, the High Street scheme is the latest in a string of city centre shopping developments, including those at Newark, Huntingdon, Inverness and Liverpool.

Shearer Harris acted for Bryant and Gooch and Wagstaff advised Royal Life. Both will be retained as joint letting agents. Elliott Son and Boyton and St Quintin advised the Co-op.

● Swan House, the 23,320 sq ft refurbished office building in Stratford Place, London W1, has been let to n government body at a rent of around £279,000. The landlords, a Sears Holdings subsidiary, were advised by Braham Good and Healey and Baker.

Hongkong Land set to pay up

HONGKONG LAND moved quickly this week to squash rumours that it was not in a position to hand over the HK$1.9bn (£186m) premium due to the government on its Exchange Square office development.

The company, one of the world's largest property gronps, is struggling to get back on its feet after recording massive losses last year and its state of health is a constant source of speculation within Hong Kong's highly-charged financial community.

A statement from the company said that it had sufficient lines of credit to draw upon for payment of the premium, which is due to be made on August 13.

David Davies, HongKong Land's chief executive, was briefly in London this week and confirmed that the payments would be going ahead.

Davies, who left MEPC in London almost a year ago to take over the reins at Alexandra House, said the 1.5m sq ft gross waterfroot office complex was on schedule for completion next March. To date, only the unified Hong Kong stock exchange and the American Club of Hong Kong have taken space hut Davies says he remains "quite relaxed about the situation."

"Given the current climate of uncertainty, I am not surprised about the letting situation. If we get about 10 per cent of the space pre-leased by early next year I shall not he disappointed."

Davis is confident about the outcome of the present negotiations with the Chinese and equally convinced that both the local property market and the group will be healthy again by 1986-7. Any other response, it is true, would hardly help sentiment in a highly sensitive situation hut Davis shows every sign of sticking with the challenge.

The 44-year-old chief executive indicated that Hongkong Land was likely to move its own operations into Exchange Square. "We would only be taking a couple of floors or so hut it makes sense to be over the shop."

Industrial rents 'down by 20 per cent'

IT IS CLEARLY going to take a great deal more than the present, hesitant revival in the industrial property market to wipe out the collapse in values inflicted by the painful contractions of UK manufacturing industry.

A report this week from Debenham Tewson and Chinnocks, the agents and surveyors, says that the huge oversupply of floorspace, combined with a limited recovery in manufacturing output, continues to spell enormous difficulties for the factory and warehouse sector.

The full extent of the industrial market's plight is strikingly underlined by a reduction in real rents since 1973 of up to 30 per cent. The average decline is almost 20 per cent.

The ageots say that most letting markets remain weak, with tenant incentives still widespread. They range from property-related bonuses such as rent-free periods and the payment of fitting-out costs to more personal items like free cars or holidays. The cash value of such incentives often approximates to at least a six months' rent-free period and, for older properties, considerably longer.

Invariably, the landlord prefers to offer such packages rather than lower asking rentals, not least because an institutionally - funded scheme might insist on a guaranteed rent. A lower initial figure can also mean lower rents when reviews come round.

Debenham Tewson says that, without such institutional covenants, it is possihle that the industrial sector's performance would have deteriorated even further.

There is some encouraging news in the survey, however. The agents, who base their findings on industrial property in 16 major UK centres (all built in the 1970s in the 10,000-20,000 sq ft range), say average rents rose by 2.7 per cent in the year up until April 1984. In the previous year, the rise was just under 1 per cent.

Washington deal for UK fund

SCOTTISH AMICABLE Life Assurance has paid $18m (£13.8m) for the freehold of a 140,000 sq ft office and retail building in the so-called "gelden triangle" of Washington DC.

The acquisition represents the third purchase by Scottish Amicable in the U.S. within the last three years. The building—at 1015 18th Street—is on 11 storeys and some refurbishment is underway. Numerous existing leases are also being renegotiated. Jones Lang Wootton acted for the purchasers.

● Hammerson has pre-let 16 Southampton Place, London WC1, at the rent close to the asking figure of £60,000 a year. The 4,000 sq ft building forms part of the group's extensive portfolio in the area and was one of the last to be refnrbished. Baker Harris Saunders acted for Hammerson and Hillier Parker acted for tenants Geoffrey Morley and Partners, investmeot advisers.

● London Transport Pension Funds have paid around £3.3m for the long leasehold interest in the Littlewoods store at Whitewalls, Swansea. The 4-year old building has a floor area of 47,000 sq ft and current rental is around £250,000. Leslie Lintott acted for the purchasers and Hillier Parker represented the vendors.

IDC Group picks up City redevelopment

THE RAPIDLY expanding property development activities of the Stratford-upon-Avon hased IDC Group received another boost this week with the purchase of Fleur-de-Lis Court in the City of London.

IDC Commercial Properties has paid over £750,000 for 112-114 Houodsditch and 1-3 Cutler Street from a private family trust and is to redevelop the site to provide a retail and office scheme on six floors.

The entire property has been pre-let, at a rental of over £100,000 a year, to United Biscuits who will occupy the retail space and sublet the offices.

Through IDC Commercial Properties and IDC Property Investments, the group now has a development programme running in excess of £20m a year. In 1980, it began to diversify away from industrial schemes into offices aod has subsequently picked up a wide range of project in Tunhridge Wells. A

In Essex Street, opposite London's Law Courts, IDC has fully let a 7,400 sq ft office refurbishment prior to completion later this month and has just exchanged contracts on a small office refurbishment project to Tunbridge Wells. A 5,000 sq ft office scheme is also underway in Slough.

IDC, which funds most schemes under £2m from its own resources, is also understood to have purchased a major site in north London, where it plans a £6m industrial complex. In addition, it has recently won planning consent for a 40,000 sq ft office development in Dundas Street, Edinburgh and has just started work on a forward-funded 7,000 sq ft office scheme in Dorking.

The group's higgest mixed scheme to date, however, is a £10m speculative development in Camberley, which is now complete. Only one unit of the 40,000 sq ft of retail space remains uolet, though IDC has yet to secure a tenant for the 50,000 sq ft of offices.

Neil Barnes, managing director of IDC Property Investments, says the group's property development operation has grown rapidly on the hack of its design and construction activities, enabling it to offer a package service.

"We are keen to continue the momentum we have gained in the office market, though we questioo the likely level of continuing demand for hig office blocks. Smaller, quality offices in the right location is what many companies will want. The same will be true in the industrial sector, though we recognise the attractions of the campus-style approach and intend to serve both markets."

● Roo Shock's Espley Trust has put its Edghaston, Birmingham, head office on the market through Elliott Son & Boyton. The 35-year lease on the 9,000 sq ft huilding is on offer at £65,000 o year.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Clothing co-operative

Where social principles wear well

Anthony Moreton reports on the unusual structure of a leading Australian outfitter

Australia's 1984 Olympics team wears Fletcher Jones uniforms

THE STORY goes that a customer of Fletcher Jones, a leading Australian clothing manufacturer, once sent back a pair of trousers made by the company to bave the fly buttons replaced by a zip. Nothing particularly unusual in that, perbaps—except that the "satisfied customer" had bought the trousers 26 years earlier.

David Jones, the company'a managing director, tells this tale as an example of the quality image wbich has been fostered ever since his father, Sir Fletcber Jones, founded the clothing concero. Another of Sir Fletcher's principles was that a customer must never be cheated. On one occasion Sir Fletcber returned 2s 6d to every purchaser because he thought the company had made too much profit. On yet another occasion, he refunded 10s wben materials used in trousers turned out to be of interior quality.

This honesty with the customer stemmed from Sir Fletcber'a own political and social beliefs. And it was the same beliefs that led him to turn the company into a co-operative shortly after the Second World War—a structure which survives to this day with present and former staff and their dependants owning three-quarters of the equity of what is still a privately-owned company.

The company is currently enjoying probably its bighest profile in Los Angeles, where the Australian Olympic team is wearing yellow jackets, pastel-shade slacks and skirts and yellow dresses featuring graphics of Australia'a flora and fsuna—all manufactured by Fletcher Jones.

It is not the first time the Olympics have played a part in the company's development. On winning the contract to fit out the Australian team 28 years sgo for the 1956 games in Melbourne, Fletcher Jones moved into women's wear for the first time.

"Till then we were a menswear firm. Trousers were our forte," says David Jones. "With that order for the Olympics we suddenly had to learn the technology of making skirts. We soon learned enough to realise we could expand into complete tailoring—coats, jackets and eventually sults."

Todsy, the company, which is based at Warrnambool, a Victorian aeaside resort some 160 miles east of Melbourne and employing 2,100 people, has moved even further down the path of vertical integration. *It* bas become a retailer with 43 stores in all states with the exception of the Northern Territories. The accent is on Fletcber Jones' own goods; as far as possible it stocks and sells only what it makes.

Jones says that retailing in Australia "is polarising Into two extremea, one giving coovenience sbopping, cheapcr prices and widespread discounting, the other empbasising retailing of speciality, high-value-added goods.

"It is this latter part of the market we want to occupy. We are not interested In taking on the discounlers. Our customers are older, generally interestcd in clothes made to quality standards and interested in classic styling."

What the company is interested in is expansion. The group is looking to add five more stores a year to lts portfolio and helieves, even in the relatively small and highly protected Australian market (populatioo 15m), that there are sufficient slots for lt to meet this target for at least the next few years.

It has only just started to move into Queensland, for instance, and has no overseas representation outslde New Zealand. Other possibilities are the development of shops-within-shops and an American link.

But Jooes admits that in the restricted Australian market, witb its high cost structure, "you bave to be rigbt on costs before you can expand sensibly. We bave plans to take advantage of the interest being expressed by America in Australia, though that will not come to fruition for about two years.

"Whatever happens, though, we sball concentrate on quality and the higber end of the market. We are not a producer of clothes for the masses nor do we intend to try to sell to a mass market. There is room for us at the top."

There was a time when Fletcher Jones was the mass market. The company began life in 1943 making trousers, one style in three colours, and selling through other retailers. The decision to open lts own shops was taken three years later and the first store was opened on Melbourne's famous Collins Street.

"The timing was absolutely rigbt," says Jones. "The boys were coming home with their demob suits that fitted where they toucbed. They wanted good clothes. And they snapped up our trousers. The quality was so good there wera queues around the block for them."

Explaining why the company was turned into a co-operative, Jones says that "my father wanted to provide better prospects for the returning servicemen." Also, though, he had a deep belief in tha merits of the co-operative system. He ssw himself as a bridge between capitalism and socialism.

"There were some who felt, as non-family interests approsched half the sbarebolding, that he would quickly be overthrown as be lost absolute control. But it did not bappen and his faith in bis principles was maintained."

All the shares are traded at par and shareholders benefit from the increased wealth of the company not just through dividends but also through bonus issues. Shareholdings may be retained by employees who retire and they may be left to immediate dependants but there is no free market in them and outsiders are debarred from bolding them.

As in all co-operatives, by no means all the employees take up their options. Of the 2,100 employees just over 1,000 have boldings. In addition there are another 200 former employees or their dependants who hold B sbares, wblcb have restricted rights. One former employee bas 18,700 ahares while one man on the sbop floor bas 12,000 and another in the cutting room has 11,860.

Jones intends tbat the company abould remain both private and a co-operative. Since a private company does not have to divulge any financial figures it is impossible to compare Fletcher Jones' standing with that of its competitors or to judge whether it will be able to continue lts private status.

Jones admits that fioancing expansion is more difficult given the co-operative's structure, but It is clear that its operations bave not been inhiblted since the company has installed the very latest machinery. Fletcher Jones bas Gerber computer-controlled design machinery and Hughes laser cloth-cutting machines. It also bas wbat Jones calls "the very finest skirt-pleating system in the world."

Fletcher Jones has been ablo to weather some of the storms which have hit the world's garment industries, particularly the move away from men's suits, without too many traumas. Whether it can weather the liberalisation of trade restrictions which the Hawke government aeems intent to push through is another matter.

UK industry 'too introverted' when seeking new ideas

BY BRIAN GROOM

BRITISH COMPANIES are becoming increasingly inward looking when searching for new ideas. Unlike Japanese companies they have been relying less aod less on embracing foreign concepts and, receotly, there bas been a particularly sharp decline in the percentage of ideas they bave taken from the U.S.

This potentially worrying introversion emerges from an examination by Sussex University's Science Policy Research Unit of 2,300 innovations introduced in British industry between 1945 and 1980. Researchers believe the trend ls unlikely to have been reversed in the past four years.

Roy Rothwell, senior fellow at the unit, says it is possible that the trend has resulted from increasingly successful home-grown research and development, rather than from parocbialism. But he doubts it.

Given that a relatively small percentage of world researcb and development is done in the UK, he believes the trend gives cause for concern that industry is not looking far enough afield.

"Public aod private policy needs to be directed towards plugging this vital information gap," he writes in "Information for Industry: the next ten years," a new booklet published by the London-based Technical Change Centre.

The booklet contains contributions, including Rothwell's, made at a cooference last autumn organised jointly with the Britisb Library Research and Development Department. British industry's demand for information has grown rapidly over the past six years, but a picture emerges of lmportant gaps in supply, inadequate selection and evaluation, and poor use by companies of the information available.

Gillian Dare, formerly hesd of the British Institute of Management's information centre, says most commercially-availablo sources of business information in Britain concentrate largely on the UK. There is a dearth of material on foreign companies, markets, regulations and laws and nowbere is there even a comprehensive collection of business newspapers from around the world.

Lack of foreign materisl is only one of the shortcomlngs in Britain's piecemeal business Information system. Dare points to a multiplicity of sources including the Government, commercial companies, educational institutions, libraries, Cbambers of Commerce, trade associations and other hodies—"not an unhealthy mixture, but it has led to dupllcation and gaps".

Companies in the regions are "automatically penalised because they have to spend money on sending staff to London in order to gain access to psrticular information," she says. This discourages them from seeking Information which could improve their decision-msking.

Dare is particularly hard on the Government, which assembles a mass of data for its own purposes but makes it hard for outsiders to get at it. There is no Inquiry service for those who do not know what is available or which department to go to; withln departments one section does not know the work of another.

She calls for a co-ordinated national approach to business information "which is desperately needed lf British industry is to have the same infrastructure of support that many of the more successful industrialised countries have."

Alun Jones, assistant director of the Technlcal Change Centre, calls for s directory of information servlces from universities, research associations and government laboratories.

Rothwell examines 14 failed innovations in tbe textile machinery and scientific instrument industries. Better use of information could have prevented failure in balf the cases, and reduced the cost of failure in the other half, he maintains.

Business success depends on the correct use of internal reports, scientific and technical data, commercial and marketing intelligence.

Small compsnies auffer particularly badly from lack of information. Though their use of outside ideas improved during the 1970s, many not only do not have the information they need, but are unaware tbat it exists st all.

John Spreadborough, o consultant, suggests concentrating on the needs of medium-sized companies; at least they know that there are things which they don't know, and they are more ablo than small companies to take on 20-40 peopla if they have a new product.

Company directors, he says, are often given consultants' reports which they do not have the time to read. What they really want is a sheet of poper telling them what to do—with the back-up document to be referred to if necessary.

Spreadborough adds: "Although the raw data are very oasily acquired with on-line systems, It is judged, evsluated and assessed information that industry wants."

He is echoed by Sir Monty Finniston, the industrialist: "Whenever you ask for information you get it in excessive quantities. Nothing riles me more than to go into a computer room and watch reams of paper coming out which nobody will ever reed."

Availablo from the Publications Officer, Technical Change Centre, 114, Cromwell Road, London SW7 4ES; £8.

Business Travel

AMTRAK, the U.S. national passenger railroad system, has signed an agreement with Budget Rent s Car giving Budget station facilities not unlike those used by Godfrey Davis/Europcar in the UK. The rail system meanwhile is steadily up-grading lts dining services. New lunch courses Include a variety of stuffed potsto skins and, for breakfast, $3.25 buys Belgian waffles with apple compote, butter and syrup, fruit juice, toast and coffee, tea or milk. After that lot you may need a car to meet you.

●

BRITISH RAIL has widened its range of Saver tickets to Europe. These five day fares, allowing up to four nights away, are now available to France, the Netherlands, Belgium, West Germany, Luxembourg and Switzerland. Return nrices from Loodon start at £33 for Paris and include £42 to Cologne and £72.50 to Lausanne. Executive Savers, glving three nights abroad and first class travel throughout, are now available to cities in the Netherland and Belgium. Prlces start from £99.

●

IN the UK Swan National's car rental/hotel booking scheme which offers substantial discounts to travellers who make both reservations at the same time is proving popular. A samplo package would be £50 for a Cavalier, Sierra or Orion for a day including an overnight stay, with full breakfast, at a four star hotel. This Executivo Package can often save £20-plus on normal rates and covers hundreds of hotels up and down the country.

●

A NEW round-the-world fare for travel via the South Pacific route has been introduced by Singapore Airlines and Air New Zealand. From the UK the fares are £3,189 (Flrst), £1,980 (Business), £1,265 (Economy). Reservations for the first part of the journey and payment must be made 21 days before departure. You can stop as often as you like but no more than once in any one city. This is one of four joint fare schemes for round-the-world travel that SIA has with other carriers. The others are with TWA, Air Canada and Pan Am.

●

THE TAJ group of luxury hotels has opened tba Taj Samudra Hotel in Colombo, Sri Lanka. The hotel is built around the famous Colombo Club. It stands in 11 acres of grounds and is on the ocean front. There are 400 air-conditioned rooms and suites.

SEOUL, not the easiest of capitals to get around in the rush hour, has opened a new underground system. It provides a service which runs through the central business district to serve outlying areas. Its main benefit should be to reduce the Korean capital's mammoth rush hour traffic snarls.

●

HOLIDAY INN is to open its first holiday in the centre nf *Madrid.* The property, costing more than £7m, will open early next year.

●

ROADCHEF, the UK motorway service-area operator, has added two useful facilities for business travellers to lts operation at Sandbach in Cheshire. It now has a meeting room which can be hired hy the hour or day. This comes complete with slide projectors, screens, video recorders and telephone line. At the same time Roadchef has put telephones in its main restaurant so that diners can make calls "sitting down in a relaxed fashion."

Arthur Sandles

TECHNOLOGY

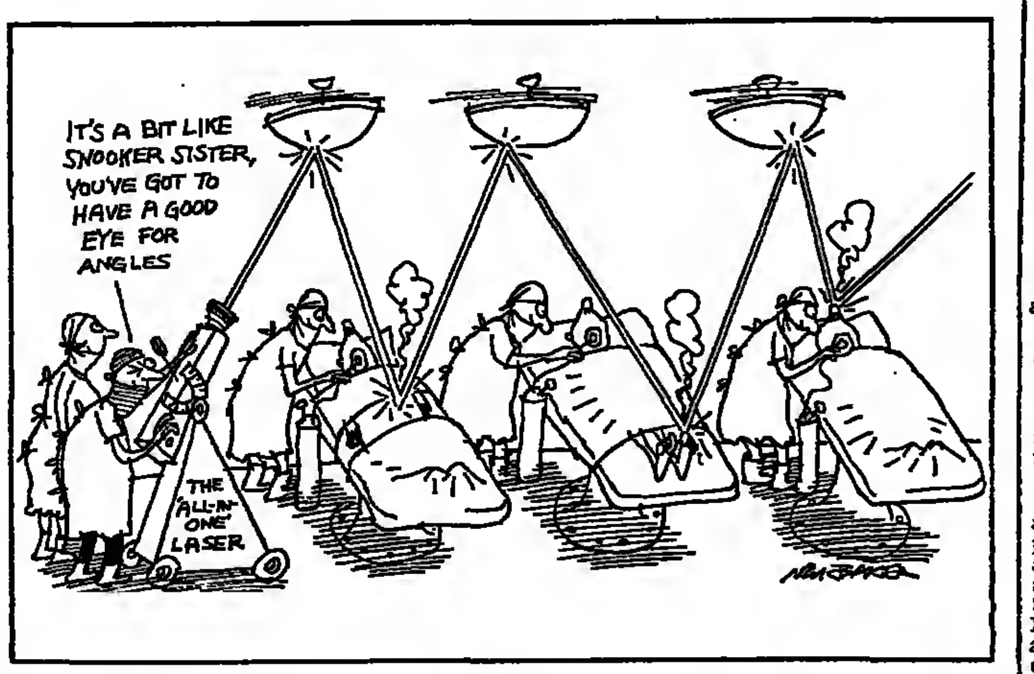
EDITED BY ALAN CANE

FLEXIBLE LASER SYSTEMS FOR MEDICAL USE IN THE OFFING

Tuning the healing light beam

BY PETER MARSH

DOCTORS may soon have the chance to employ in hospital treatments a range of different kinds of laser rsdiation emitted by s single piece of hardware. Conventionally, a physician working with laser radiation, for example in surgery, would have to wheel into the operating theatre two or more machines to produce more than one kind of radiation.



Development of laser machines with such flexibility is under way ot the Glasgow laboratories of Barr and Stroud, a subsidiary of Pilkington, the glass manufacturer. Barr and Stroud is best known for its military hardware such as image intensifiers and laser range-finding equipment.

The first product from the work on flexible laser systems could appear in a couple of years. The apparatus would probably combine a neodymium-YAG laser for medical applicotions, which Barr and Stroud already sells under the name Fiberlsse, with a carboodioxide device.

The output from both lasers would be controlled by the same electronic hardware. With this, for example, the doctor can change the intensity of the light to suit specific treatments.

Tbe machine would combine the applications for the neodymium-YAG device, which is used when physicians want to direct a large dose of radiation at, for example, a tumour with those for the carbon-dioxide laser.

The laser can make delicate surgical cuts

Light from the latter system is strongly absorbed by the water in human tissue. Thus with finely focused beams from a carbon dioxide laser, doctors can vapourise small areas of tissue, using the laser to make dellcate surgical cuts, in gynaecology for example.

Barr and Stroud has acquired the tecbnology for producing carbon-dioxide machines through its purchase of Advanced Kinetics, a Californian laser manufacturer. The Glasgow company will adapt to medical applications the U.S. concern's productions. For example, the UK company will have to fit to the barware delivery systems to route radiation to the appropriate part of the body.

To complete its range of lasers for medical work, Barr and Stroud is developing an argon-dye laser. Unlike a neodymium-YAG device (which produces light at a fixed wavelength of 1.06 micrometres) or s carbon dioxide machine (wbose output is 10.6 micrometres) an argon-dye laser can be tuned across a range of frequencies in the visible and infrared parts of the spectrum.

Thus it is useful in applications where tbe nature of the treatment depends on the wavelength of the light Incident on the tissue, for example treatment of skin disorders.

The first argon-dye laser from Barr and Stroud is to be installed at the Walton Hospital, Liverpool, within the next few weeks. With the £40,000 hardware, doctors will attempt to destroy cancer cells.

About 35 Fiberlase systems are in hospitals around the world, mainly in Britain and the U.S. Barr and Stroud started to sell the system about a year ago, after a development that began in 1981. The laser, which costs about £40,000, can deliver between 10W and 100W to sites deep within the human body, the lungs, for instance, with an endoscope made from optical fibre.

Mr Michael Holmes, Burr snd Stroud's civilian products director, is in the process of forming a committee of doctors which would collate data from laser applications in bospitals.

He says that, although lasers have become relatively common in bospitals over the past five years, not enough is known about how they can help in specific areas of treatment.

In further work, Barr and Stroud bopes to crack a problem that has beld up appllcations for carbon-dioxide machines in medlcine. The light emitted by this kind of device is absorbed by most optical fibres. Therefore doctors have difficulty "piping" the radiation through endoscopes to places inside the body that need treatment.

Engineers at the Glasgow company are experimenting with a new kind of fibre to which specific materials are added to change its optical properties. Instead of absorbing the bigh-wavelength infra red light emitted by carbon-dioxide systems, the fibre would reflect the radiation so that it passes along an endoscope.

In this work, researchers are borrowing techniques developed by Barr and Stroud for military bardware. The company's engineers have developed for use in the nose cones of rockets certain kinds of glasses which reflect or absorb infrared rsdiation to different degrees.

For example, a rocket designer may need to *specify* a glass of a particular type on the grounds that infrared radiation from within tho rocket must not leak out because it may give away information to enemy forces.

About 35 Fibrelase systems are in hospitals around the world

● Laser Applications, a company set up by physlcists from Hull University, has developed a novel carbon-dioxide laser for medical applications.

The machine, wlth an output of some 25 W, has a laser tube roughly 40 cm long, which the company says is half the length of the tubes ln conventional carbon-dioxide devices. The small size makes the equipment useful where space is limited, for example ln some industrial applications as well as in surgery.

The first laser of this kind will be installed at the Birmingham and Midland Hospital for Women, a UK leader in applications of lasers in gynaecology. The Northern General Hospltal in Sheffield is to obtain a similar device.

OCEANOGRAPHICS

Giant hoops see ocean hazards

A SET of giant hoops set along the shore of a lonely part of Wsles could provide scientists with a novel, highly accurate way of monitoring the state of the oceans.

The hoops, positioned on 22 poles strung ont along a 400 metre stretch of the coastal footpath near Pembroke, Dyfed, are part of an experimental mechanism that beams radar signals over the sea surface and collects their rebounds.

From an analysis of the reflections, acieotists can obtain information about the beight, direction and frequency of wavea anywhere up to 40 km from the abore. Ultimately, they may be able to extend this distance to 200 km.

The data could prove invaluable to the operators of shipping fleets and oil rigs. It could also help weather forecasters and the people who operate tidal barriers (London's Thames Barrier for instance) who need advance warning of storm conditions.

Tha installation in Wales is st a research station run by the Royal Navy. Responslble for the equipment is a team of onglneers from the electrical engineering department of Birmingbam University, wbicb bas worked on radar techniques for sea monitoring since 1975.

Mr Michael Moorhead, a former member of the university team, has left to form a company, Emmacrete, which aims to sell commercial versions of the radar equipment. The radar transmitters and receivers, together with tha electronic bardware needed to analyse the returning signals, would cost about £125,000. To this sum a purchaser would bave to add a further sum, of £10,000 or more, for the software commands that process the returning data in a specific way.

Mr Moorhesd, who before joining the university group was an RAF engineer, has high hopes of selling hardware to scientists in the Netherlands. These people need information about the sea to warn of storms and tidal phenomena thst could damage sea walls or polders.

Emmacrete has also obtained contracts from Marconi and the Ministry of Defence to provide advice on this application of radar.

Scientists have known since the early days of radar researcb during the Second World War that high-frequency signals sent over the wave tops "hug" the aes surfsce, following the curvature of the earth. This follows from electrical interactlon between the signals and electric currents in aea wsler.

In the Birmingbsm work, researcbers beam slgnals at around 10 MHz. The freqoencies of the signals are swept in a modulation technique across a range of the electromagnetic spectrum. This stops the radar signals causing interference with other transmissions at slmilar frequencles.

The workers transmit and receive in a series of rapid bursts, switching between these two modes at a rate of thousands of times a second.

Oceanographers and commercial groups can obtain information about the sea with buoys that contain measuring devices, for example to monitor the rise and fall of waves. But buoys can prove unreliable, particularly in storms.

In contrast, mechanisms slmilar to tha Birmingham bardware should operate in all weathers. One problem, as Mr Moorhead concedes, is that potential customers would require access to a larga stretcb of coastline on which to install the equipment.

Automation

Robots in the water hole

THE AMOUNT of water whicb can be drawn from deep boreholes declines with time because the steel liner Inserted in the hole becomes corroded. The slots cut in the bottom to allow water to enter the borebolo become blocked.

Colebrand has introduced—not before time ln the present drought—a remotely controlled robot which can be lowered down the bole to recut the slots.

Tbe work ls monitored from the aurface using a closed-circuit TV camera. Designed by Colebrand engineer Ted Daley, tha robot is the result of experience gained on North Ses oll rigs and the Thames Barrier. More on 01-439 9191.

Computers

Future in networks

FUTURE Computers in Croydon is to spend a further £1m on the development of microcompnters. Particular attention will be paid to the networks for its rango of computers.

The investment, in the form of equity, is coming from lts existing investors which include Memorex and APA Venture Capital.

In August, a range of terminals developed jointly by Future and Memorex, a subsidiary of Burroughs, will be launched under the Memorex brand name. More details from the company on 01-686 2233.

Health

Radiation warning

A MINIATURE personal radiation warning system has been developed by ITR Services. It weighs only 60 grammes and measures 97 mm by 42 mm by 14 mm.

ITR says that it gives an audible alert if radiation levels exceed preselected levels of 0.25 mR/h, 0.75 mR/h or 2.5 mR/h. Radiation is detected nsing a tiny Geiger-Muller tube which is powered up to 549V using a small transformer. Electronic chips which control the operation, consume only 30mA. More details from the company on 0293 51527.

Semiconductors

Powerful lasers

MATSUSHITA Electronics in Osaka, Japan, has tested a high-power laser made from semiconductor materials. The company said that such a solid-state device would make possible higher density optical disc memory systems and better optical communications systems.

The laser has an output of 200 Mw compared with the previous record for a solid-state laser of 160 Mw achieved by RCA in the U.S. Matsushita plans to start commercial manufacturer in early 1985.

Medical

Diabetes research

A TRANSPLANT techniquo is being researched for diabetes. Hana Biologics, a Berkeley based biomedical company, hopes that it may be possible to transplant healthy pancreas cells so that a diabetes sufferer may again produce insulin.

Work is in a very early stage but Hana hopes to combine the techniques of cell growth and transplantation. Research is being jointly undertaken with the Children's Diabetes Foundation in Denver, U.S., and the Barbara Davis Centre for Childhood Diabetes.

Researchers believe that lt may be possible to grow in laboratory cultures the insulin producing "islet" cells produced in a healthy pancreas. Then these cells could be grafted into the pancreas of diabetics. Work suggests that these will grow and function normally to produce insulin.

The National Diabetes Research Interchange in Philadelphia is supplying human pancreas tissue for research at Hana. It will be the source of cells grown for transplants. Hana has developed methods for controlling cell growth by factors such as temperature and the chemical constituents of the growth medium.

Packaging

Wrapping machines

SHRINK wrapping machines availoble from Wrapid Machinery in Bradford can wrap up to 200 packs per minnte. The machines can prodnce a range of wrap styles for regular sized packs in the range of 50 to 406mm wide, 3mm to 76mm high and 50mm to 380mm long. More details from the company on 0274 722920.

FINANCIAL TIMES SURVEY

Friday August 3 1984

Australian Technology

Australia has much leeway to make up to convert research into profitable products. Priorities and growth industries are being identified and moves made to establish national policies and create a venture capital market to encourage innovation.

Pressing need to diversify

BECAUSE of the sheer abundance of its mineral wealth—plus chance elements in its history—Australia has developed in fits and starts. When its economy appeared to falter in the 19th century, it found gold. When it faced invasion in 1942, the U.S. came to its aid. In the 1950s, Australia discovered oil and other minerals.

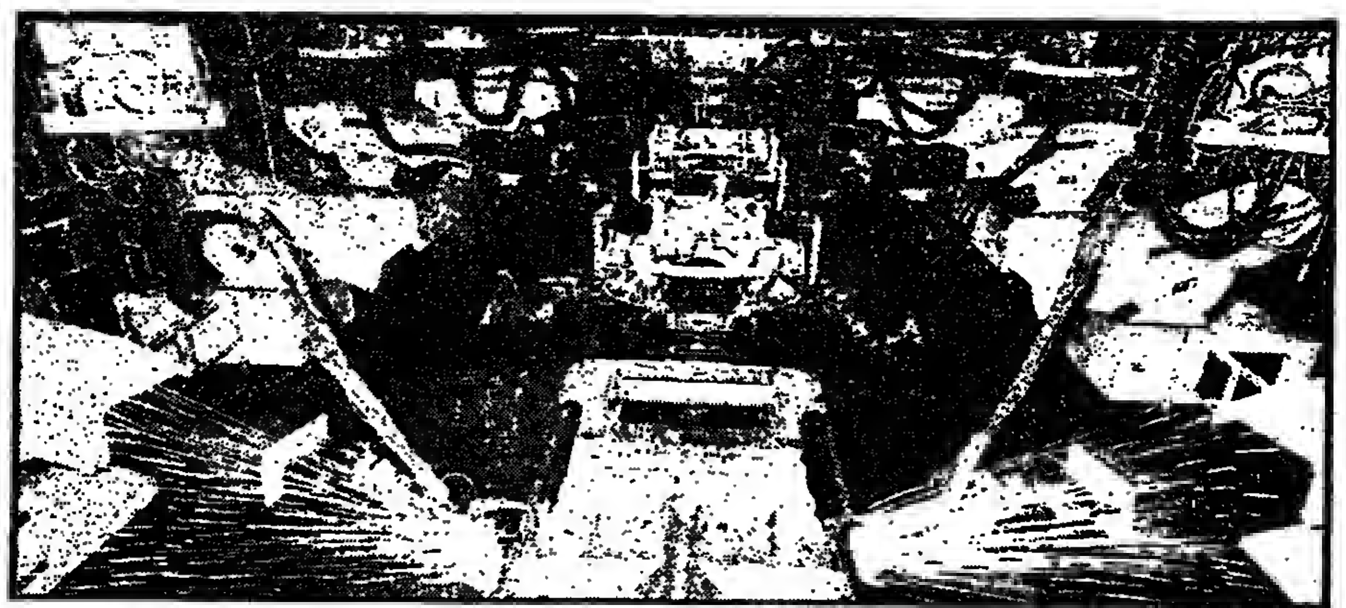
"In each case," says Mr Barry Jones, Australia's Science and Technology Minister, "our luck changed. Because we were never traumatised, Australians did not have to face up to rigorous planning, to looking ahead to future stages in developing buman capital."

However, as a major international trader in raw materials, Australia has been affected by the shifts in the West from resource-based economies to skill-based economies. Australia's share of world exports fell from 1.7 per cent in 1970 to 1.3 per cent in 1982, while penetration of most major markets fell.

"We can no longer assume," says Mr Jones, "that minerals, wheat and wool alona will carry the 'Lucky Country' towards higher living standards. We have to divarsify and extend our skills hase."

That is easier said than done. Although there are signs that Australia is ready to wrestle with tha cballenges of technological change, it is starting far behind. In many ways, says its science minister, Australia is an industrial museum. Investment in education and R and D has been downgraded, and Australians encouraged to become mere assemblers, replicating products designed by clever foreigners.

Australia's management is sheltered, and too many of its workforce anchored in depressed regions like Wollongong, Port Kembla, Geelong, Whyalla, and Tasmania—a state, says Mr Jones, that has hawked itself around purely as a supplier of cheap electricity and nothing else.



The robot welding line at the new Ford Motor works at Melbourne. The task set for itself by the Government of Prime Minister Robert Hawke is to develop Australia's own high technology industries. *Ashley Ashwood*

Australia's brain-based exports are negligible, says Mr Jones, partly because "Australia is second only to Canada in the degree of foreign penetration and control of its economy... It is bizarre to see Mitsubishi cars, assembled in Adelaide, being sold with 'Buy Australia' stickers in the window and advertised with pride as 'Australian' products."

Australian industry and society, says Mr Jones, face "massive threats," but also great opportunities. They can be locked into a global economy in a dependent role, or Australia can develop its own high-tech industries, and attempt to carve niches in world markets.

There are some bullish points, including past achievements, for Australia was not always as dependent on foreign capital, know-how and technology as it is today.

Survey written by Michael Thompson-Noel

At one time, Australia was a world leader in agricultural machinery, refrigerated ships, and building and mining techniques. It had some of the first electrified cities, electric cables and telephones. Before 1950, Australia produced pharmaceuticals, cars, aircrafl, electronics and one of the earliest stored-memory computers (CSIRAC). However, that was before the drawn-out complacency of the Menzles era.

There is a strong foundation of research on which to build, even thought it rests beavily on public, not private, sector spending. The Commonwealth Scientific and Industrial Research Organisation (CSIRO) was founded in 1926, employs 7,500, and has an international reputation for research in agriculture, animal and plant genetics, mining, earth sciences and radio astronomy.

Among recent major CSIRO successes are the chip design software developed over the past three years by its VLSI (very large scale integration) laboratory in Adelaide; its work on PSZ (partially stabilised zirconia), whicb has attracted ICI Australia; and Interscan, the new international standard aircraft landing guidance system.

Australia has 19 universities and 22 technology-based colleges of advanced education. With 0.3 per cent of the world's population, Australia produces 2 per cent of the world's scientific papers. With one-eighth Japan's popnlation, it has the same number of Nobel prizewinners in the sciences (Florey, Burnet, Eccles, and Cornforth).

Yet its latter-day performance in converting research into products and selling them at a profit is lamentable, despite the fact that it is urbanised, and materialist. It has a rich agricultural base, untold minerals wealth, abundant cheap energy, is stable and democratic, has major trade ties with the U.S. and Japan, and is close to the teeming growth markets of the south-west Pacific. In addition, its people are addicted to the good things money can buy. Yet, its economic vocabulary—and that of its politics—remains wedded to the view of Australia as one big quarry, a nation tbat is largely dormant between mining booms.

In March 1983, Australia's voters dismissed from office the conservative coalition Government of Mr Malcolm Fraser, replacing it with a Labor Government led by Mr Bob Hawke, a former union leader and national hero, whose Australian Labor Party offered the country detailed recovery and reconstruction policies aimed, in part, at promoting Australia's technological autonomy.

In its first 16 months, the Hawke Government has made steady progress on numerous fronts, to the relief of Australians, and seems bound to maintain its grip on office in the general election expected at the end of the year.

In the election campaign last year, Labor's science and technology policy identified 16 sunrise industries which seemed likely prospects for Australian development.

The 16 were biotechnology (in at least nine different major areas); software writing for computer operations; a VLSI computer chip industry, designing custom-made products for specific markets; scientific instrumentation; medical technologies; lasers; communications; industrial ceramics; solar energy cells, collectors, and other equipment; development of shape-memory alloys; high-precision engineering, surgery, and space research; plasma-physics (including fusion); robots; intermediate technology products; hydrogen generation and storage; and biomass.

"Of all the sunrise industries," says Mr Jones, "biotechnology has the greatest potential for wealth creation, and

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CONTENTS

AUSTRALIAN TECHNOLOGY 2

The debate has started in a far-reaching vision of change

Government sets the goals

INDUSTRIAL confrontation and resolute bloodymindedness have long disfigured the Australian economy. Hence the appeal, 16 months ago of Mr Bob Hawke's promise that his Australian Labor Party Government would spread calm and consensus.

Its first step, in April 1983, was to convene a national economic summit conference—a week-long meeting of Government, union and business leaders — at which corporate lambs lay with union linns, and Mr Hawke won the unanimous backing nf employers for measures already agreed to by the Australian Council of Trade Unions (an extraordinarily rare feat in Australian politics).

Following the conference, the Government set about examining possible directions for Australia's economic, social, and technological development in the medium to long-term.

As part of its progamme, it organised a national technology conference in Canberra last September.

"My main objective," says Mr Barry Jones, the Science and Technology Minister, "was to achieve a 'shock of recognition' among the participants—a sharp and growing awareness of the range and speed of the technological revolution; of where Australia stood in comparison with other nations with mature economies; and the extent to which we needed to reconsider the appropriateness of conventional economic wisdom."

The Government also wanted to get the parties talking—industry, unions, public service, and research sector. And the conference served to focus tho growing interest of the state Governments in technology. All Australian states now have ministers with a responsibility for technology, and a federal-state working party on technology has been formed.

Finally, a national technology strategy for Australia is being developed. A discussion draft of such a strategy has been circulated, and final comments are due to be received by September. With talk of a general election later this year, the Government hopes that a final version of the strategy will have been agreed to by Christmas 1984.

For debate, the Government says that a commitment to technology as a means of achieving social and economic goals should involve five national priorities:

● Raising Australia's skill base. The numbers completing secondary education and entering higher education are low compared with many OECD countries, while in its region, Australia has fallen far behind Japan and Korea. Mr Jones would like to see 50 per cent nf students completing secondary school by 1995; 20 per cent of school leavers entering higher education by 1995; and the retraining of at least 1 per cent of the workforce each year.

● *Bridging the gap* between research and industry. For example, the draft strategy suggests that by 1990, 1.5 of gross domestic product should be spent on research and development (R&D), and by 1995, 2 per cent. Other measures: a major increase in private sector R&D; a reversal of the brain drain; improved information gathering and dissemination; and portable superannuation.

● Moving tho economy away from high bulk, low value-added exports towards high value-added goods and services. This would involve the application of key technologies (particularly, in Australia's case, biotechnology and microelectronics), and the fostering of research, invention and design skills.

● Identifying market niches and producing goods and services which can be sold internationally. This will involve more sophisticated marketing, the raising of adequate capital, attracting the right talent, and exploring joint ventures with foreign outlets.

● Tackling the problems of over-specialised regional economies, such as those based on coal, steel, and heavy manufacturing.

The discussion draft was released in April. The strong language used, said Mr Jones, was intended to make sure that the sleepers actually did wake. He said many would argue about some of the specific target dates and figures but that they were part-illustrative, part a starting point for what should be a lively public debate.

He says a national technology strategy has to answer this question:

Can a nation of only 15m people (4 per cent of the English-speaking world), with a federal system of government and a long tradition of truncated industrial development assert its technological sovereignty, make a contribution to world technological development, and achieve higher national growth rates?

He says the answer is Yes, but that no one should underestimate the difficulties—*Australia is starting far behind.*

He cites figures for trade in technology-based product groups by the 24 nations of the OECD (1980) to illustrate Australia's predicament, noting that many of the countries with very high per capita exports in high technology have smaller populations than Australia.

"In 1980," he says, "our figure was US$31, Switzerland's was US$2,584 (32 times higher), the Netherlands' was US$1,378 (17 times higher), Sweden's US$1,087 (13 times higher), and Canada's US$340 (four times higher).

"Australia ranked 20th of 24 nations. That was the bad news. The good news is that we are still ahead nf Portugal, Greece, Iceland and Turkey." In fact, Australia's position has since worsened to 22nd place.

The Government's draft technology strategy has four parts, and describes objectives and possible actions.

For example, there is a disturbing imbalance in Australian spending on R&D: 19.7 per cent comes from the private sector, and 77.6 per cent from government sources, a ratio of 1:4. In Switzerland, there is an exact reversal, 4:1.

COMMONWEALTH GOVERNMENT AND OTHER SECTOR FUNDING CONTRIBUTIONS TO GROSS DOMESTIC EXPENDITURE ON R&D (GERD): 1968-69 TO 1981-82

	1968-69 ($m)	1973-74 ($m)	1976-77 ($m)	1978-79 ($m)	1981-82 ($m)
Commonwealth Government					
General Government	n/a	n/a	541	666	*938
Public Enterprise	n/a	n/a	38	29	39
Sub-total	173	383†	579	695	*977
State Government					
General Government	n/a	n/a	111	140	179
Public Enterprise	n/a	n/e	6	8	16
Sub-total	61	67†	117	148	194
Private Enterprise	116	186	152	180	265
Other Australian	8	7	10	18	32
Overseas	10	11	14	13	16
Total (GERD)	368	655	873	1,054	*1,485
Commonwealth Government funding as % GERD	47	58†	66	66	66
State Government funding as % GERD	17	10†	13	14	13
Private Enterprise funding as % GERD	32	28	17	17	18

* A downward adjustment of $37m has been made to allow valid trend comparisons on the level of support for R&D activities.

† Much of the large rise between 1968-69 and 1973-74 is due to changed funding arrangements for universities. For the same reason, the rise in State funding between 1968-69 and 1973-74 is minimal.

Source: Discussion Draft, National Technology Strategy, Department of Science and Industry.

In aiming for an nverall doubling of R&D expenditure by 1995, says Mr Jones, Australia should require the private sector to increase its share rapidly, to at least 33 per cent by 1990-91, and to 50 per cent by 1995-96.

He would like to see an increase in private sector R&D funding and performance by both locally-owned and foreign-owned companies, raising business R&D to 0.6 per cent of gross domestic product by 1990, and to 1 per cent by 1995.

In the short-term, this would involvo tax incentives for private sector R&D, and a partial transfer of R&D performance from the government sector to industry, so that by 1988, 5 per cent, and by 1990, 10 per cent, of R&D funds of federal research organisations were specifically ear-marked for contracting-out.

In the long-term, it would mean the development of international and domestic technology transfer arrangements, and examination of the "feasibility of a world product mandate for products developed in Australia by foreign-owned companies."

Other areas covered in the draft strategy include education and training; interaction between research sectors and industry; selective assistance for key technologies; the application of technology to the revitalisation of existing industry; provision nf venture capital; social aspects; employment; the role of the federal and state Governments; and international and regional implications.

In terms of revitalisation of existing industry, the draft says that the service sector, as traditionally defined, employs almost 75 per cent of the Australian workforce, and that its revitalisation would generate much new wealth. Similarly, the manufacturing sector, which employs 18 per cent, may be enabled to maintain its present contribution to wealth and employment.

Suggested measures include tho steady reduction of tariff protection, provided the economic outlook is reasonably favourable.

As for venture capital, the draft says the objectives should be to:

● Ensure adequate availability of risk capital for high technology companies.

● Ensure an adequate mix of private and public involvement in tho provision of risk capital and management advice.

● Encourage private investment in long-term employment-creating activities based on Australian skills and inventions.

● Promote the flow of managerial skills.

● Establish a venture capital market (something which is already emerging as a result of Government initiatives).

Quite baldly, Mr Jones says that Australia lacks an inventory of finished products suitable *for sale overseas, and has* few foreign outlets which could support a marketing strategy.

"It is in this area," he says, "that Sweden, with only 8.3m people, has been outstandingly successful. The Yellow Pages indicate that Volvo, Saab and Scania have 23 authorised outlets for sales and services in Sydney, 15 in Melbourne, 10 in Brisbane, six in Adelaide, and five in Perth. It is fair to say that an aspiring purchaser of an Australian-designed and manufactured car would have his work cut out if he was looking for one in Stockholm or Uppsala."

Recently, an Australian magazine sought to list Australia's best-known products. Those it came up with included Vegemite (the famous yeast extract), Flamingo Park sweaters, Sydney rock oysters, Akubra hats, Hoadley's Violet Crumble Bars, Fourex beer, Merino rams, opals, Drizabone raincoats, Speedo swimwear, Cottontail underwear, and the Queensland blue heeler (a meddlesome rural dog).

The list was aggressively low-tech. The evidence is clear. In terms of high-technology exports, Australia has nowhere to go but up.

Profile: Barry Jones, Science and Technology Minister

Energetic star of Hawke clan

THE STAR attraction in Canberra at present is a group of travelling masterpieces from the Courtauld Collection in London, including Gaugain's Nevermore, and Manet's Le Dejeuner sur l'herbe. A sight that is almost as compelling is that nf Mr Barry Jones, Australia's Science and Technology Minister, going through his paces in the national capital, for his energy and verbal brushwork are prodigious, and his own eclecticism not inconsiderable.

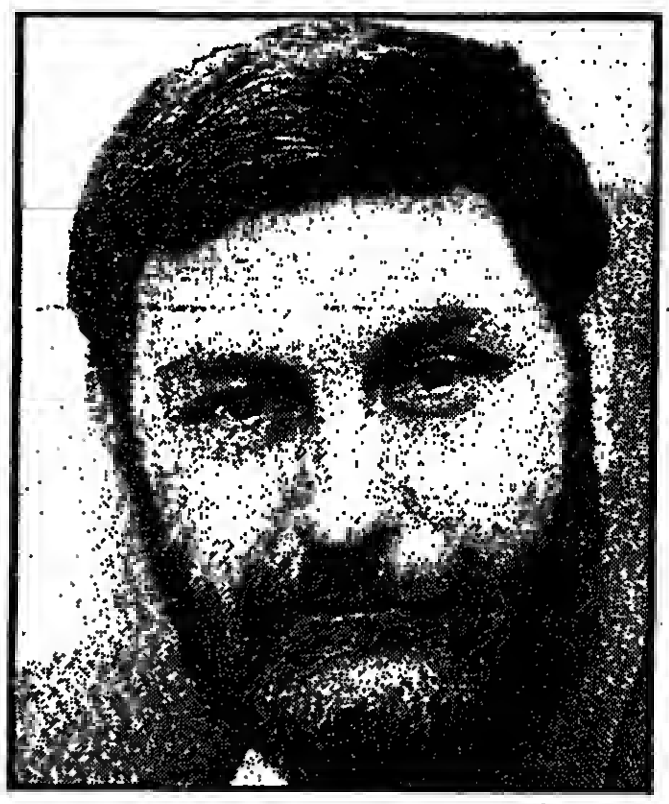
Conversing with him while he is in the process of packing a briefcase to catch a plane, as I did in Canberra, is like asking a word processor to pass the salt: difficult, but worth a try.

On the other hand, the Minister's writings, and speeches, take you on such a vivid tour of the technological, post-industrial, and post-service futures that it is little wonder that Oxford University Press has translated Mr Jones's 1982 book—Sleepers, Wake! Technology and the Future of Work (A$9.99)—into Swedish, Japanese, and braille, of which the latter edition ought to sell well in Australia.

It has been remarked that Mr Jones works and thinks at such speed, and on such a bewildering variety of subjects, that if you didn't know who he was, and arrived in the middle of one of his flights of rhetoric, you would have little idea whether he was Minister for Science and Technology, Foreign Affairs, Employment, Education, Industry, Communications, or the Arts.

He is a robust figure with close-cropped hair and grey-flecked beard, and is one of the stars of the Hawke Government.

To his job as Minister for Science and Technology, Mr Jones brings a remarkable array of interests and achievements. He has been a federal Labor MP since 1977. Before that he was a public servant, high-school teacher, university lecturer, lawyer, a founding father of the modern Australian film industry (he loathed The Man From Snowy River, because it "didn't take on any issues"), active in penal reform, campaigner against the death penalty, and deputy chairman (1969-73) of tho Australian Council for the Arts.



Ashley Ashwood

His interests include films, music, travel, collecting autographed documents, and reading.

One of the features of the Hawke Government has been its readiness to communicate its aims and decisions, and at Science and Technology, *it* has a minister one of whose main skills is that of first-rate communicator.

Imperative

Consider this, from a speech to the Australian Institute nf Political Science national conference a few weeks ago:

"It is essential that we recognise, and counteract, the cultural limitations of our technology base. The Dutch and the Swedes make an important contribution partly because each generation is under a strong cultural imperative to leave their mark on the world. Here, we see ourselves as a mere branch office of the English-speaking world. We live in a technological culture which is essentially derivative. We buy ideas and products nff the shelf and pay fnr them in raw materials. To many Australians, the idea that 'we should try nnt to reinvest the wheel' is regarded as a profound observation. In fact it begs the whole question of what inventiveness, product and process innovation, involves."

Or this, from a speech at Sydney University in March this year:

"We have a good record in what is sometimes anxiously called 'pure' (or 'virginal'—i.e., not money-making) research. We have produced four Nobel Prizewinners in the sciences, exactly the same number as Japan, which has eight times our population. But we have a very poor record in transferring our *pure research into products* which can be made and marketed from here. There is only a slender ricketty bridge between the research community and our industrial managers. They do not know each other. They do not talk the same language. We have—with great effort and public expense—succeeded in evolving something in Australia which *is* almost *unique* in Australia, an historical survival from a simpler age—a non-reading managerial class."

Or this, from Sleepers, Wake:

"If changes in tho pattern of work lead to people being compulsorily retired at 55, or unemployable at 25, we should not be surprised if they turn to liquor, drugs, daytime television, the occult, introspection, boredom, or emotional paralysis. Wo must not waste our greatest national resource—people. If we have an alienated segment of young people permanently excluded from the labor force, we should not be surprised to face urban terrorism along Baader-Meinhof lines in Australia before we are far into the 1990s . . . It is essential . . . to evolve broad policies to ensure that technological change is not used to widen social and economic divisions, and avoid a legacy of increasing bitterness between the powerful and the impotent."

Mr Jones says he has described himself as Minister for tho future, explaining that his main interest was not so much the next election as how Australia was preparing itself for the year 2000 and beyond; that the constituents he is serving best are probably not yet born.

However, in the here and now, he says one of his main accomplishments has been *in* putting technology on the *political* agenda.

He says that consensus, optimism, and wage moderation alone will not provide the great leap forward for Australia; that "there are major deficiences in our skill base, and very real doubt whether our current technological capacity is great enough fnr transition to a high-growth economy."

He quotes the Versailles Economic Summit working group on technology, growth and employment recommendation of June 1982 that "governments should support fundamental science and long-term, high-risk research and development . . . and provide incentives for innovation through tho encouragement of invention and investment in innovation."

He says such views are still far from the mainstream nf Australian political, managerial, bureaucratic, trade union or academic thought, and warns that "Australia will pay a heavy price for ignorance."

On the other hand, as he told the Australian Institute of Political Science: "We have a long way to go, and not much time to do it, but I would not be urging Australians to make the effort unless I believed there was some chance of success."

PROFILE: CSIRO

Funding new research areas

THE flagship of Australia's scientific and research effort is the Commonwealth Scientific and Industrial Research Organisation (CSIRO), which has a total staff of 7,500 (including about 2,500 professional scientists), and an annual budget of about A$300m (£192m).

That is about one-quarter of the total federal science and technology budget, though Dr Paul Wild, the CSIRO chairman, said in June that on a world scale, it needed to be seen in perspective. "It is just one-seventh of the R and D (research and development) budget of IBM, which covers one narrow sector nf technology," he said.

These days, Dr Wild told a staff meeting in Hobart, "controversy and criticism" surrounded the CSIRO's work far more than in earlier times. One criticism voiced is that the CSIRO is "like a grand old battleship—too expensive to convert, and too valuable to scuttle." It has also been claimed that despite policy reviews and some changes, the CSIRO has "become a haven of élite insiders feeling little need to justify themselves to external critics."

Whatever the outcome of this domestic controversy, there is little doubt that the CSIRO has a distinguished track record in a plethora of fields; or that it is learning to communicate more effectively with the bureaucracy and its customers.

It covers virtually every field of science, excluding only clinical medicine, and defence and nuclear science. It has more than 100 laboratories and *field stations across Australia*, working under five research institutes whose names, says Dr Wild, give a view of its repertoire: industrial technology, energy and earth resources, physical sciences, biological resources, and animal and food sciences.

Its current designated growth areas are biotechnology; advanced materials; manufacturing technologies (including research into robotics, machine tool control systems, computer-aided design and manufacture, and flexible manufacturing processes); information technologies; water and soils (including erosion, salinity, and water quality); plant pathology (an estimated 12 per cent of Australia's agricultural production is lost to plant diseases annually, a figure that is expected to increase); and oceanography.

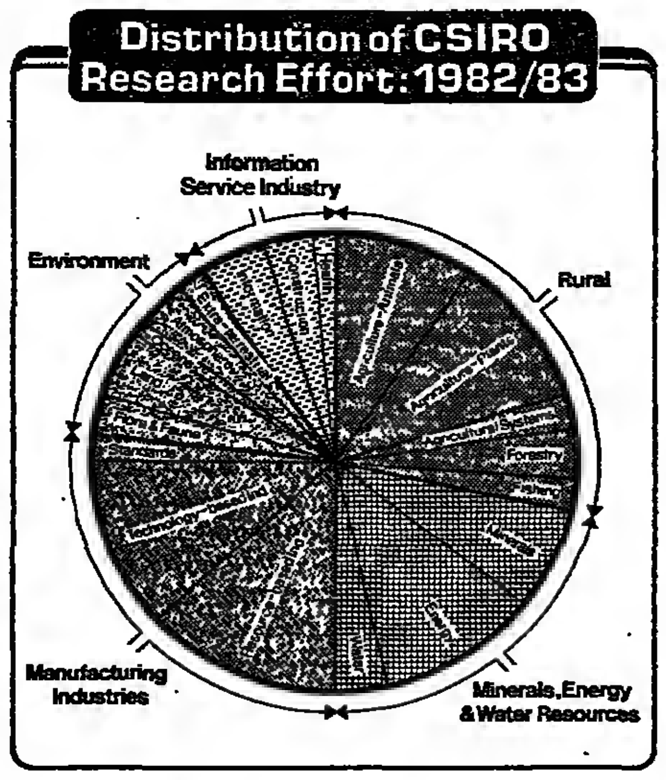
This year, says Dr Wild, the CSIRO is going to seek extra funds to start a new division of information technology ("Australia's position in this field is abysmal") and a special programme of collaborative projects with industry. In addition, Dr Wild adds space science and technology to his designated growth list.

Areas of special interest, he says, are space communication, navigation and survey, remote sensing, meteorology, and ground and space hardware. "If we don't do something about a space industry now, we shall find ourselves spending billions nf dollars annually on foreign products whether we like it or not."

A sample of CSIRO achievements over the past five years inclndes these projects:

- VLSI—CSIRO has signed a licence agreement for the commercial development of its technology for designing advanced silicon chips. The agreement covers chip design software developed over the past three years by CSIRO's VLSI (very large scale integration) laboratory in Adelaide.
- PSZ (partially stabilised zirconia) — CSIRO end ICI Australia have agreed *to* develop a capability to manufacture zirconia and related products for domestic and export markets. Zirconia is the main component in the manufacture of the new industrial ceramic PSZ developed by CSIRO at its Melbourne laboratories. The Science Minister, Mr Barry Jones, said the agreement was a "critical link between *Australia's current position as* the major world supplier of zircon and its current leadership in the new PSZ ceramics," which have many future applications in industry, particularly the automotive industry.
- Sirofloc—a process for purifying coloured and turbid water that is 20 to 40 per cent cheaper in capital cost than the conventional technology.
- Salvinia—a biological control program for tackling the water fern salvinia. Biological control of two other weeds, alligator weed and water hyacinth, is also proving highly successful.
- Sirotem—a mineral exploratinn instrument that can detect minerals up to 500 metres below the earth's surface, over an area of one square kilometre.
- Biological defleecing—costs associated with harvesting wool are rising more rapidly then the value of the wool. CSIRO is investigating the use of a biological chemical, epidermal growth factor, for "shearing" sheep. The EGF produces a weak zone, allowing the fleece to be pulled off.
- Interscan—an aircraft landing guidance system developed by the CSIRO and Department of Civil Aviation, and adopted as the new international standard.
- Siratec—a computer-based cotton management program which has reduced pesticide and irrigation water use, and costs.
- Australia Telescope—due to be completed in 1988. It will help Australia maintain its prominent position in radio astronomy.
- Fecundin—a vaccine to encourage twinning in sheep, which went on the market last year.
- IR Scanner—an infra-red scanner, developed by the CSIRO. Mounted in aircraft, it penetrates the smoke of bushfires to show fire-fighters the fire-front, spot-fires, and other details.
- Image-processing of satellite data—CSIRO says it is now a world leeder in this aree. The technology is widely used in Australia by resource managers and industry, and is sold overseas.
- Pulsed arc welder — developed by the CSIRO with an Australian manufacturer.
- New lucerne varieties—which are aphid-resistant.
- Somacloning—a method of biotechnology for breeding plants in tissue culture. It promises to lead to novel wheats, which will grow in new environments, inclnding the tropics and subtropics.
- Influenza research—CSIRO has made a major advance in the battle against the 'flu virus by determining the structure of a key protein on the surface of the virus.

It's a long list, which could be greatly extended. Whether the description of the CSIRO as a "grand old battleship" is fair or not is hard to say. What is not in dispute is the weight of its firepower, and the range of its guns. In the campaign to haul Australia's industry and workforce into the technological present, the CSIRO's position at the head of the fleet is unchallengeable.



The Australian Industry Development Corporation operates commercially and makes a profit. The work of this federal body is explained here.

Important channel for funds

AN important vessel for channelling funds into the high-tech sector is the Australian Industry Development Corporation (AIDC), a statutory federal body established in 1970 to promote the development nf Australian industry, and Australian partiripation in it.

It has *no regulatory role*, but pursues its objectives—which were recently broadened—via its commercial operations as a development financier.

It funds mainly private enterprises whirh are majority Australian-owned and controlled, or which represent significant Australian participation. However, finance may also be provided to companies or projects *thet ere less than 50* per cent Australian-owned, if they are engaged in development of importance lo Australia and not competing directly with efficient Australian-owned enterprises.

Under the rhelrmanship of Sir Gordon Jackson, formerly general manager of CSR, the Australian sugar-to-resources conglomerate, the AIDC is a tightly-run ship.

In the year to June last year, it disbursed A$221m to industry (+28 per cent on the previous yeer), end entered into new commitmenls totalling A$248m (+20 per cent). At June last year, operational loans and investments stood at A$689m.

It is profitable, too. Net profit last year was A$15.3m (there will be some increase in the latest year), and total assets now comfortebly exceed A$1bn.

Formerly, the AIDC concentraled on large capital-intensive projects, particularly in the resources sector and industrial infrastructure. In 1982-83, fnr example, resource projects supported included Cooper Basin oil and gas, steaming coal and diamonds. Other industries financed included transportation, food processing, building products, and timber processing.

However, the AIDC's role was recently widened. The Government has raised its borrowing power considerably, to a lotal capacity of nearly A$2bn, and removed its investment restrictions. As a result, it is now required to give priority to manufacturing, services, and new technology.

"Everything is being judged on a case by-case basis, because people — and products — vary," says Mr Don Dyer, AIDC'a general manager for industry development.

"We need to see a significant profit potential. However, the provision of money is secondery to the task of finding good management. Our difficulty is an acute shortage of people. We have recruited heavily in the past two years, but can't keep up."

Mr Dyer says the AIDC is examining about 20 technology investment opportunities a week, and going into about one new technology venture a month—the rate may rise.

The corporation has already invested quite heavily in high-tech. For example, Interscan Australia, which has developed an advanced microwave aircraft landing system based on work hy the radio-physics division of Australia'a Commonwealth Scientific and Industrial Research Organisation (CSIRO), is a wholly-owned subsidiary of the AIDC.

With U.S. support, the Australian invention won full recognition when the International Civil Aviation Organisation adopted the Interscan system as the hasic principle for the next generation of guided landing systems.

To help gain entry to the U.S. market—the world's largest—Interscan Australia went inlo partnership with Wilcox Electric, a subsidiary of Northrop Corporation, of the U.S.

Earlier this year, the Interscan/Wilcox partnership lost *out to a U.S. rival, Hazeltine*, on the initial (about US$90m) contract to supply landing *systems* tn about *200* U.S. airports. The loss was a hlow, for a successful bid would have opened the way to significant benefits for Australien industry over the next two decades.

But all is not lost. The potential world market for these systems is considerable, and Mr Dyer says Interscan will not only be bidding for future U.S. Federal Aviation Administratioh contracts, but broedening its aviation base and perhaps investing in other products.

In other high-tech areas, the AIDC haa invested A$5m in Nurleus, Australia's largest biomedical group. This is the AIDC's largest high-terb equity investment tn date. It has a A$1.3m (24 per cent) stake in Bioquip Australia, which bullds and sells advanced food processing equipment developed by the CSIRO.

It hea a 50 per rent stake in MICA Associetes, a small Canberra-based computer equipment researcher and assrmbler. And it holds 50 per cent of Australian Binmedirel Corporation, whirh it set up with Wormald International to market medical products internationally.

Until about 18 months ago, says Mr Dyer, Australian management was insular, protected, and thought only of the domestir market. However, he says the Government has established a high-terh investment climate unlike arything seen before, and that the opportunities for good investment are so varied that a big chellenge, for Australia and investors, will he avoiding a scattergun approarh.

OPERATIONAL LOANS AND INVESTMENTS Industry Sector ($m)	Total	%
Food and beverages	72.7	10.4
Building materials	72.7	10.4
Chemicals, plastics and petroleum products	84.6	12.1
Electrical and electronic	9.2	1.3
Heavy engineering	4.7	0.7
Light engineering	43.3	6.2
Other manufacturing	103.0	14.7
Total manufacturing	395.8	56.6
Mining and mineral processing	175.6	25.1
Construction	21.8	3.1
Transport and distribution	32.2	4.6
Industrial infrastructure	72.9	10.5
Other industry	1.0	0.1
Total (before provision for loss)	699.3	100

PROFILE: NUCLEUS

Success with world sales

FOR A glimpse of a possible version of Australia's high-tech future, trevel a short distance west along Sydney's Pacific Highway before turning into a small but immaculate industrial estate at Lane Cove, one of Sydney's plushest suburbs.

There, ringed by gum trees, you find the beedquarters and main research *facilities* of Australia's most successful high-tech company to date: Nucleus a small but aggressive manufacturer of innovative medical and health care products.

It was formed in 1965 and has grown, says its founder and chairman, Mr Paul Trainor, into an "upside-down multi-national"—remote from the major northern hemisphere markets but nevertheless selling in more than 40 countries and manufacturing in the U.S., France, and Brazil, as well es Australia.

Early on, Nucleus made cardiec monitors, X-ray equipment, and electronic ignition systems. It went publir in 1980. Today, with sales of A$74m (£47m), it employs 800 and has six major operating groups. Products *include implanteble* cardiac pacemakers, diagnostic ultrasound imeging systems, patient monitoring equipment, kidney dialysis and blood therepy products, and multi-channel cochlear implants (elertronic devires implanted surgically ln the inner ear to aid the profoundly deaf).

In many ways, Nucleus is the very model of what an Australian high-tech enterprise should look like: small but embitious; willing to spend freely on R&D (research and development); able to maintain a far-flung marketing and seles effort; not intimidated or discouraged by the smallness of the bome market; a careful planner; well-run, finencially; and enjoying excellent relationships with Australia's scientific and research communities.

Lest it seem burdened by such a description, it must be added that Nucleus has had to overcome enormous obstacles, and bas survived at least one serious mistake: the heavy promotion, in 1981, of an improved ultra-sound machine while the existing versions went largely unpromoted.

Cashflow dried up. Losses were severe, and management thoroughly discomforted. It was "premature ejaculation," says Mr Trainor — the result of "having a market rep in the field too familiar with what you are doing in your research and development."

Yet Nucleus survived, and has impressed the Australian Industry *Development* Corporation (AIDC), now a share-bolder, with its ability to survive and prosper in the jungle nf the high-tech health care market.

Although Australia is thought to offer numerous edvantages for the establishment and growth of a medical equipment industry, high R&D costs, the complexities of exporting, and the small home market have meant that to date, Nucleus ia the only company in the field with sales in excess of A$10m.

About 20 smaller companies, with limited R&D and export marketiog capabilities, have annual sales of between A$1m and A$10m.

The working relationships between industry, universities, government-backed institutions and hospitals are improving all the time, but what is lacking is an effective supporting infrastructure of sub-contractors and specialist suppliers for prototyping, tooling, and manufacture.

On the other hand, the cllmate for investment is fast improving. Encouragement of a venture capitel market, rhanges io the banking industry, and the expanded bigh-tech role of the AIDC, are all belping, so that the ingredients already exist in Australia for developing a much larger, stronger medical equipment market.

Much nf the spadework has fallen on Nucleus, though it is hard for newcomers in these fields to travel in the precise *slipstreem of a rival's success*.

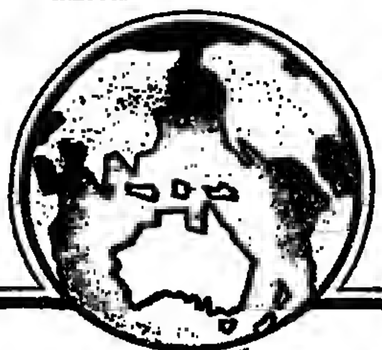
Nucleus, for example, has invested heavily in development of its cochleer implant (bionic ear), claimed to be the most sophisticated corhlear prosthesis to date, and originating from work carried out hy Prof Greeme Clark and his team at the University of Melbourne in the 1970s. The field is still in its infancy, but prospects are considerable. The Nucleus device is being tried in patients in Food and Drug Administration-approved clinicel research at New York University and other U.S. medical centres.

At present, Nurleus is exploring new avenuea, sucb as artificial tendons and ligaments, [illegible] computed tomography, hyperthermia cancer *treetment, diaphnography*, implantable cardiec defibrillators, physiological sensors, and new applications of its multi-channel cochlear implants.

Mr Trainor says some of his rivals are setting off in the wrong dirertion. "You see people jump up and go into Asia and the Pacific Basio for exports whirh in high-tech is exactly the wrong way to go. If I were starting a new high-tech company I think I would go somewhere like Vancouver, from where I could go beck into the U.S. and bop across to Japan."

He says some of his rivals in Austrelia will make it, and some will not, hut thet the reason some of them make it won't be related to finance or venture capital. "It's going to be releted *to* the confidence and willpower of management."

Sterile manufacture of primed dialysers for kidney patients



AUSTRALIAN TECHNOLOGY 4

The government has moved swiftly and red tape is minimal

Venture capital market up and running

LAST JUNE, Hambro-Grantham (MIC), one of Australia's shiny new licensed venture capital companies, known as MICs (Management and Investment Companies), made its first investment—a 40 per cent equity stake in The Portable Computer Company, the maker of Portapak, a portable micro-computer.

The investment cost Hambro-Grantham A$320,000. The Portable Computer Company was founded in mid-1983 by two engineers, Mr Harry Platt and Mr Ivan Stern, whose first product, PPC-8, was an advanced multi-user micro-computer. Their latest product is a high-performance portable computer designed for the business market.

Thus Australia's fledgeling licensed high-tech venture capital market is up and running—and with a minimum of red tape. According to Mr John Grant, chief executive of Hambro-Grantham, the MIC Licensing Board secretariat took just three working days to process the application and classify Portapak as an eligible business under the MIC scheme.

"For the programme to work," says Mr Grant, "a continuation of this approach is essential." His own company, Grantham Capital, was formed to provide advice and risk capital to potential high-fliers, particularly those with a technological base.

Hambro Australia and Grantham Capital are co-sponsors of Hambro-Grantham (MIC), one of seven MICs (from more than 30 applicants) successful in the first round of licensing.

Mr John May, director of the corporate finance division of Hambro Australia, says that until this year, venture capital in Australia was available from relatively few sources. There were several venture capital companies (for example, Citicorp Capital Investors, and Business Loans and Equity Capital, set up in late 1982 by Citicorp and Westpac Banking Corporation respectively), but activity was low.

However, following the report of the Espie Committee—Developing High Technology Enterprises for Australia, published in April last year—the Government moved swiftly to set up a licensed venture capital market, so as to lessen the impact of one of the main impediments to the growth of high-tech enterprises: difficulty in raising finance, particularly equity finance.

Briefly, tax-paying investors who subscribe capital to MICs *receive a tax deduction in the* year in which subscription occurs equal to 100 per cent of the amount subscribed. A minimum holding period of four years is necessary to avoid any clawback of this deduction. In other words, the scheme seeks "patient capital."

Potential

In 1983-84 (financial year just ended) the licensing board awarded seven inaugural licences, authorising the subscription of a total of A$50m (£32m) in tax-deductible capital. Basically, the MICs will channel funds into small to medium businesses with high growth potential and a technological base.

Apart from Hambro-Grantham, the other six are Austech Ventures, Australian Pacific Technology, BT Innovation (a joint venture between BT Australia and Technology Investment Management), Techniche, Western Pacific Investment, and Westintech.

In addition to the *MICs*, there is a growing band of high-tech stocks, spearheaded by Vapocure, a Sydney-based group which has developed a revolutionary paint curing process, and whose share price soared from 75 cents when listed last September to a high of A$17 earlier this year (at present, it is around A$9).

Other high-tech stocks include Futuris, Gentech, Impala Securities, Information Electronics, International Resources and Technology, Memtec, NewTech Development Corporation, Nucleus, and Westintech (which is an MIC).

In the view of one industrial analyst: "The Australian equity market is poised for a proliferation of high-tech companies seeking funds. As with the evolution of any new industry sector, there will be a high percentage who will not fulfil their potential."

Hopes

However, the MICs have high hopes. Hambro-Grantham, for example, has an initial authorised capital ceiling of A$10m. At the start of last month, A$6m had been raised through private placement, the major backers being the Commonwealth Trading Bank, A$2m, City Mutual Life Assurance Society, A$1m, Mitsui and Co. (Australia), A$700,000, and Standard Telephones and Cables, A$750,000. The additional A$4m will be raised as and when follow-on finance is required.

To complement the MIC vehicle, says Mr May, Hambro-Grantham, like some of its competitors, is raising funds in a parallel investment vehicle structured as a unit trust, the Hambro - Grantham Venture Fund. Interest in the fund has already been expressed from Tokyo, Hong Kong, London and New York.

Hambro - Grantham (MIC) itself says it will invest throughout Australia, providing portfolio ventures with start-up, early and development capital. Size of initial investments may vary from A$100,000 to A$1m.

Equity holdings will vary, but are unlikely to be less than 10 per cent, and will not be more than 50 per cent. Investment will usually be by way of ordinary shares, convertible and/or redeemable preference shares.

Between them, the MICs should have an important role to play in fostering high-tech businesses. With only a little luck, they will help nudge Australian industry away from the age of spanners and hammers, into something resembling the mid-1980s.

Ashley Ashwood

Ingots stacked at the Tomago aluminium plant, New South Wales

South Australia believes it has had a headstart in attracting new companies

Adelaide: capital of the 'high-tech state'

THE NEW YORKER once described Adelaide as "possibly the last well-planned, well-governed and moderately contented metropolis on earth," a description it still relishes.

Adelaide is less frantic than Sydney (everything is relative), less hidebound than Melbourne, more sophisticated than Brisbane, and less pushy than Perth. It is an attractive city on a coastal plain surrounded by low hills; where the living is easy and the median price of a quality family home on its own suburban block of land is about A$55,000 (£35,000).

Adelaide is the state capital of South Australia, known for its farming and wine growing, and its automotive and white goods manufacturing. Recently, there have been major resource discoveries, primarily the Cooper Basin natural gas fields, which now supply parts of New South Wales, and the massive copper - gold - silver - uranium deposits at Roxby Downs, development of which now has the official blessing of the ruling Australian Labor Party.

Two views of Adelaide, "possibly the last well-planned, well-governed and moderately contented metropolis on earth"

Adelaide is also the capital of the self-styled high-technology state of Australia. South Australia says it had a headstart in the battle to attract high-tech companies, given that part of its vast empty interior was used by the UK and Australian Governments as a rocket range and nuclear bomb testing site in the late 1940s and '50s, which coincided with expansion of its industrial base.

A short distance from Adelaide lies what is described as the largest electronics research establishment in the southern hemisphere, the Defence Research Centre, Salisbury (DRCS). Nearby are major companies like Thorn-EMI Electronics, British Aerospace, and Fairey Australasia which provide equipment to U.S. and European defence contractors.

The South Australia state government, which is Labor-controlled, is energetically encouraging high-tech businesses to expand or set up shop. In the main, areas of expertise at present cover defence-related technologies, electronics and optoelectronics, biotechnology, mining and agriculture technology, and remote sensing. However, the range of activities is mushrooming.

The state government has established Technology Park Adelaide to meet the needs of high-tech manufacturers and researchers, and set up a separate corporation to promote development of high technology. The park is near the DRCS, and next to the main campus of the South Australia Institute of Technology. It includes a multi-tenant complex for small companies, while British Aerospace is locating design, engineering and production facilities at the park.

Another company based in Adelaide is the brand-new Austek Microsystems, which will manufacture VLSI (very large scale integration) chips.

The birth of Austek follows the signing of a licence agreement by the CSIRO (Commonwealth Scientific and Industrial Research Organisation) for commercial development of its technology for designing advanced silicon chips. Under the licence, the CSIRO will give exclusive rights to this software for two years to Austek, which was formed by the staff of the CSIRO's VLSI laboratory, led by Dr Craig Mudge, CSIRO's leading computer engineer.

Austek says it will be one of only a handful of companies in the world producing custom-designed VLSI chips, each designed for a specific high-tech function and each containing as many as 100,000 transistors.

Australian investors will hold about 60 per cent of the shares, the remainder being held by U.S. backers. Of about 10m shares, the Australian Industry Development Corporation will hold 1.5m, and CSIRO, through its new commercial company, Sirotech, 250,000.

Dr Paul Wild, chairman of the CSIRO, says Austek is "an excellent example of how rapidly scientific research can progress to industrial implementation, to Australia's advantage."

Initially, the company will design and manufacture special purpose VLSI chips and micro-electronic systems using them. Design work will be done in Adelaide, and most employees will live there. However, offices will be opened in California's Silicon Valley, and in Singapore.

Austek's marketing strategy will be international from the start, as 90 per cent of sales are expected to be abroad.

According to Dr Mudge: "The emphasis on design over fabrication is the major element of a strategy aimed at achieving a steep increase in Australia's technological capability. The emphasis on design was chosen for two reasons. First, the design of very complex chips is a research opportunity in itself. Second, a nation with a small population has a better chance of making an impact on international technology if it concentrates on the brain-intensive aspects of VLSI technology rather than on the capital-intensive ones.

"In just under two years, Australia has moved from the position of having no user-designed chip capability to the point where many designers have been trained and nearly *200 different chips for* application-specific functions have been conceived and fabricated," he adds.

Pressing need to diversify

CONTINUED FROM PAGE 1

here Australia has comparative advantages in skill—a strong agricultural base, expertise in animal and plant genetics, microbiology, biochemistry, and *medical research. But time is* running out for us. We could be world leaders if we act now."

Mr Jones says that originally, Labor was cautious, not to say coy, about the chosen 16. Today he says: "After 16 months, the list stands up pretty well."

The Science Minister says that major changes in direction instigated by the Hawke Government include:

- Upgrading the Industrial Research and Development Scheme, with a 36 per cent increase in funding, a new board, and broader charter;
- Creating a venture capital market by establishing licensed management and investment companies (MICs), with the benefit of *100* per cent tax deductibility for licensees;
- Encouraging the CSRIRO to develop new policy directions, in addition to traditional areas of expertise; setting up SIROTECH as a bridge between the research community and industry and providing for the establishment of a division of information technology;
- The National Biotechnology programme;
- Expanding the Australian Industries Development Corporation (AIDC), doubling its capital, and changing its charter to put greater emphasis on high technology;
- Rationalisation of the Australian steel and car industries; and
- *Talking the issue up* —raising levels of consciousness about high technology—"much as we did in the late 1960s and early 1970s with the Australian

Following the country's first-ever technology conference last September, the Government collected material for a draft national technology strategy, which has now been produced for general debate.

It *identifies* five priority areas: (1) Raising Australia's skill base. (2) Bridging the gap between research and management. (3) Moving from low- to high-value-added products. (4) Creating strong and more appropriate economic infrastructures. (5) Overcoming the problems of overspecialised regional economies, such as those of Wollongong (coal and steel), Whyalla (steel), Newcastle (coal and steel), and Geelong (motor vehicles).

The introduction of a proper venture capital market is long overdue. Recently, the Government licensed seven MICs, authorising the subscription of a total of A$50m (£32m) in *tax-deductible capital. The* MICs are there to channel funds into small and medium-sized businesses with high growth potential and a technological base. One, Hambro-Grantham, for example, recently invested in The Portable Computer Company, a maker of portable micro-computers, and has backers that include a bank, a *life office*, plus *Mitsui & Co* (Australia).

"During the election campaign," says Mr Jones, "Labor promised to create 500,000 new jobs and to raise GDP by 5 per cent over a three-year period. Can these goals be achieved by merely reshuffling the pack?"

He says there can be no doubt that restoration of confidence *is a psychological precondition* for growth, and that this appears to have been achieved to a degree which would not have seemed possible as recently as January 1983.

On the other hand: "Australia's performance in weathering the adverse economic conditions of the past decade has compared poorly with more sophisticated small nations. Australia has a population of 15m. Its GDP in 1980 was US$140bn, or US$9.59bn per 1,000 of population.

"By comparison, the Netherlands has a population of 14m (93 per cent of Australia's), and other than some North Sea oil and gas, very limited raw materials. (Geographically, it is only a swamp.) However, its GDP (1980) was U.S.$169bn, or U.S.$12.07bn per 1,000 of population—26 per cent higher than Australia's. Its economic strength depends on its brain-based industries.

"The case of Sweden is even more striking . . . Sweden sells us A$5 worth of finished goods for every A$1 in raw materials we sell to them."

He says Australia is changing direction, and that there are good prospects that its development of human skills will generate higher levels of economic growth than could be produced by physical resources alone. He says that since Labor took office he is more optimistic, rather than less, that Australia can turn the high-tech corner. But he adds that "time for change is running out."

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday August 3 1984

Floating-rate note issue for Manufacturers Hanover, Page 32

WALL STREET

Optimism on inflation opens way

THE NEW YORK stock market surged ahead again yesterday to close at its highest level for three months in record trading as investors took an increasingly optimistic view of prospects for inflation and interest rates, *writes Terry Byland in New York.*

Heavy demand from both the major institutions and private buyers brought the biggest daily rise in the Dow Jones industrial average since November 1982, while share turnover exceeded all previous levels.

In the credit market, prices for long-dated bonds jumped a full point, but the short-term issues were restrained by the continued firmness of the federal funds rate.

The second half of the trading session brought a renewed and even stronger upsurge in stock prices, which was carried further in the final half hour. At the close, the Dow showed a gain of 31.47 points on the day at 1,166.08, a level last seen on May 10.

A total of 174.2m shares was traded, brushing aside the previous daily record of 159.9m of January 5 this year.

The January trading spate came when Wall Street was anticipating falling interest rates – prematurely, as it turned out. This time round yields at the long end of the bond market have fallen by almost a full point over the past month and economic indicators are signalling a moderation in the economic pace that should keep inflation low.

The massive upswing in turnover levels underlines the extension of buying interest from the blue chip stocks to the broader range of the stock market. The American Stock Exchange, where many of the smaller U.S. companies are quoted, also surged ahead.

Airline stocks continued to rise strongly, spurred by the prediction by a widely respected Wall street specialist that world oil prices will tumble to $15 a barrel. UAL (United Air) at $38½ and Northwest Air at $39¾ were each $¾ higher.

But oil stocks preferred to hearken to reports in a U.S. oil industry magazine that Opec is holding together, and to favourable comments on stock prices from market analysts. Occidental Petroleum showed little change at $26¾ after lacklustre profit figures, Philips Petroleum gained $⅜ to $34⅝ and Mobil remained steady at $24⅞.

Texas Instruments extended its recent gain by $3½ to $126, while Hewlett-Packard advanced $1½ to $39⅝. There was further buying of Eastman Kodak on the back of the profits statement. The stock gained $½ to $75.

Sears, the retailing and finance group, eased $¼ to $34¼ after laying off staff at its World Trading offshoot, and reports of poor morale at Dean Witter, the Wall Street subsidiary which is suffering heavy losses.

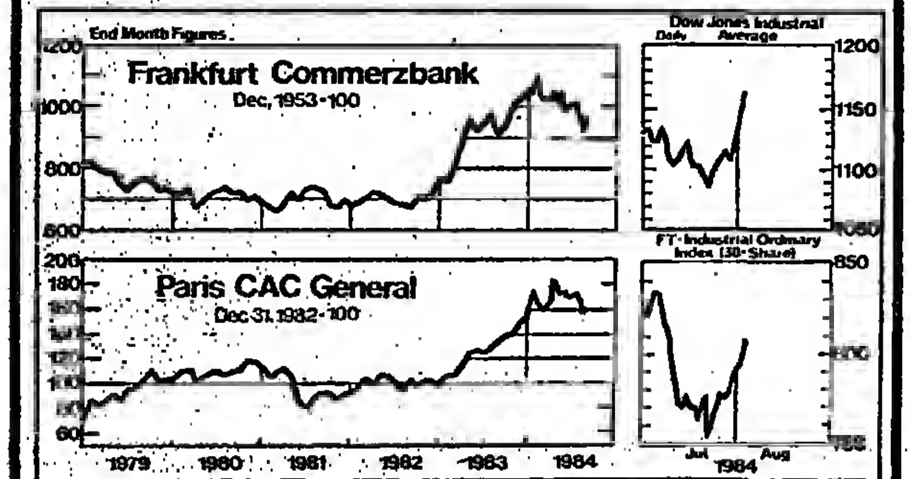
Stocks in the other Wall Street firms, which have been battered by the drop in profits, retained the recovery trend begun by the market's upswing. Merrill Lynch added $¾ to $27.

The bond market quickly recovered from some mild disappointment at the absence in the Treasury funding statement of any decision on the issue of bearer bonds to non-U.S. investors. The terms of the $16.75bn programme were as originally expected, although hints that a long-dated issue might be omitted were dashed.

The key long bond advanced by a full point to 104²⁄₃₂, but retail interest was somewhat thin. When-issued yields on the Treasury securities for auction next week dipped a shade from Wednesday's final quotations. The three-year note returned 12.58 per cent, the 10-year 12.72 per cent and the 30-year bond 12.65 per cent.

The Federal funds rate eased a shade to 11 11/16 per cent as the pressures of the bank settlement day subsided. Other short-term rates held firm, with three-month Treasury bills at 10.45 per cent and six-month bills at 10.64 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug. 2	Previous	Year ago
NEW YORK			
DJ Industrials	1,166.08	1,134.61	1,188.0
DJ Transport	511.49	485.50	546.64
DJ Utilities	127.31	124.37	129.19
S&P Composite	157.98	154.08	162.01
LONDON			
FT Ind Ord	809.1	795.2	723.6
FT-SE 100	1,039.1	1,018.1	945.0
FT-A All-share	488.19	478.79	453.21
FT-A 500	527.35	516.27	493.13
FT Gold mines	504.7	485.7	647.1
FT-A Long gilt	11.11	11.27	10.88
TOKYO			
Nikkei-Dow	10,086.67	9,948.4	9,040.43
Tokyo SE	772.2	760.89	666.96
AUSTRALIA			
All Ord.	705.3	687.3	666.3
Metals & Mins.	428.6	410.9	583.6
AUSTRIA			
Credit Aktien	53.49	53.46	55.3
BELGIUM			
Belgian SE	146.48	144.31	132.51
CANADA	Aug 2	Prev.	Yr ago
Toronto			
Metals & Minls	1,854.78	1,764.68	—
Composite	2,253.32	2,186.74	2,466.0
Montreal			
Portfolio	111.58	107.63	121.48
DENMARK			
Copenhagen SE	186.75	185.27	161.94
FRANCE			
CAC Gen	160.3	157.6	129.2
Ind. Tendance	104.0	102.5	81.6
WEST GERMANY			
FAZ-Aktien	332.3	328.48	327.94
Commerzbank	965.5	953.7	970.4
HONG KONG			
Hang Seng	893.69	826.74	1,056.95
ITALY			
Banca Comm.	209.28	208.75	200.28
NETHERLANDS			
ANP-CBS Gen	153.0	149.2	138.9
ANP-CBS Ind	123.8	121.7	112.5
NORWAY			
Oslo SE	253.63	246.03	199.26
SINGAPORE			
Straits Times	954.05	945.71	943.28
SOUTH AFRICA			
Golds	n/a	896.5	904.0
Industrials	n/a	895.2	928.9
SPAIN			
Madrid SE	136.51	135.84	119.86
SWEDEN			
J & P	1,504.83	1,490.56	1,458.5
SWITZERLAND			
Swiss Bank Ind	363.6	358.6	343.8
WORLD	Aug 1	Prev	Yearago
Capital Int'l	170.1	168.3	175.6

GOLD (per ounce)

	August 2	Prev
London	$343.75	$340.25
Frankfurt	$344.25	$340.25
Zürich	$344.25	$342.75
Paris (fixing)	$344.31	$338.34
Luxembourg (fixing)	$344.00	$337.00
New York (Aug.)	$344.50*	$345.70

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Aug 2	U.S. DOLLAR Previous	STERLING Aug 2	STERLING Previous
$	–	–	1.311	1.302
DM	2.8965	2.9145	3.795	3.795
Yen	245.25	245.4	321.0	319.5
FFr	8.875	8.9375	11.63	11.64
SwFr	2.45	2.462	3.21	3.205
Guilder	3.2675	3.2935	4.2825	4.29
Lira	1775.0	1787.0	2325.0	2333.0
BFr	58.455	58.885	76.7	76.86
C$	1.3065	1.30825	1.7125	1.705

INTEREST RATES

	Aug 2	Prev
Euro-currencies (3-month offered rate)		
£	12¼	12⅝
SwFr	4⅞	4 15/16
DM	5 13/16	5 13/16
FFr	12	12
FT London Interbank fixing (offered rate)		
3-month U.S.$	11 13/16	11⅞
6-month U.S.$	12 13/16	12 5/16
U.S. Fed Funds	11 11/16	12⅛
U.S. 3-month CDs	11.35	11.40
U.S. 3-month T-bills	10.44	10.43

U.S BONDS

Treasury	August 2* Price	Yield	Prev Price	Yield
12⅝ 1986	100 5/32	12.46	100 5/32	12.48
13¾ 1991	104 5/32	12.79	104 13/32	12.74
13⅛ 1994	101 29/32	12.82	102 7/32	12.73
13¼ 2014	104 17/32	12.42	104 17/32	12.66
Corporate	**Aug. 2***		**Prev**	
AT & T	Price	Yield	Price	Yield
10⅞ June 1990	89⅜	12.90	89⅜	12.90
3⅞ July 1990	71.00	10.60	71.00	10.60
8¾ May 2000	72⅞	12.80	72⅞	12.60
Xerox				
10⅞ March 1993	87¼	13.15	87¼	13.15
Diamond Shamrock				
10⅞ May 1993	86⅜	13.25	86⅜	13.25
Federated Dept Stores				
10⅞ May 2013	90.342	13.30	90.342	13.30
Abbot Lab				
11.80 Feb 2013	89.00	13.30	89.00	13.30
Alcoa				
12¼ Dec 2012	89.00	13.80	89.00	13.80

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	65–06	65–14	65–00	64–27
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.39	89.45	89.36	89.34
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.45	49.00	88.37	88.42
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.30	88.36	88.28	88.33
20-year Notional Gilt £50,000 32nds of 100%				
Sept	101–09	101–13	100–02	100–00

COMMODITIES

(London)	August 2	Prev
Silver (spot fixing)	561.75p	531.60p
Copper (cash)	£1,008.00	£1,002.00
Coffee (July)	£2,268.00	£2,248.50
Oil (spot Arabian light)	$27.22	$27.10

LONDON

Gilts form spearhead for gains

GOVERNMENT securities spearheaded a strong advance in London yesterday which reponded to the flow of encouraging news from across the Atlantic. Gilt-edged investors found new confidence, and the authorities were soon tested for supplies of stock.

Gains in the longs reached around 1¾ points. Short-dated stocks benefited as discount house buyers began to take notice, and rises stretched to ⅜.

Leading shares capitalised on the gilt market tone and reports of American support for selected top-quality stocks, but dealers were convinced that demand mainly emanated from UK sources.

Closing prices were the day's highest, and the FT Industrial Ordinary share index, which breached the 800 mark at the first calculation, extended this week's good rise to close 13.9 up at 809.1.

Barclays Bank rose 7p to 462p on its figures, while GEC added 10p to 194p and BP 17p to 450p.

Chief price changes, Page 24; Details, Page 25; Share information service, Page 26–27.

HONG KONG

THE EXUBERANT Hong Kong opening could not be fully sustained all the way through, but the end of the day left share values substantially enhanced almost without exception. The 66.95 leap in the Hang Seng index to 693.69 was the sharpest for 2½ years.

Even ahead of news of the local prime rate cut, Cheung Kong on the property side gained 65 cents to HK$8.15, trading house Jardine Matheson the same amount to HK$7.15, China Light 80 cents to HK$11.40 and Hongkong and Shanghai Bank 50 cents to HK$6.40.

SINGAPORE

RECORD TURNOVER took Singapore higher again after Wednesday's lull, and while profit-takers were cashing in on some gains achieved over the past week, selling was easily absorbed.

The plantation sector strove to catch up, with prominent rises of 16 cents apiece for K. L. Lepong at S$2.86 and Highlands and Lowlands at S$2.69. Pan Electric, once more volume leader, added 14 cents to S$3.30, while Malayan Banking was one of the few casualties with a 20-cent fall to S$8.60.

AUSTRALIA

A STRONG Sydney rally returned many leading issues to levels not seen since mid-May, as the resource side joined in an upturn established by the industrial sector the previous day.

BHP jumped 26 cents to regain the A$10 mark, while Western Mining moved to A$3 with a 15-cent rise. Tin miner Aberfoyle, a potential takeover candidate after its Tasmania metal finds, added 50 cents more to A$8.10 for a four-day leap of A$2.50 or 44.6 per cent.

News Corporation jumped 80 cents to A$9.90 on the profits expected from a sale of its St Regis stake in the U.S.

SOUTH AFRICA

THE RESPONSE by Johannesburg golds to a better showing in bullion values was firm but subdued, with a slight recovery in the rand acting as a restraint.

Vaal Reefs added R2.50 to R157, while Anglo-American put on 75 cents to R21.75. Away from the gold boards, De Beers found 35 cents more at R8.70.

Among dull industrials, Rennies picked up 15 cents to R12.25 as first hints of a merger with Safmarine emerged.

CANADA

ACTIVE Toronto dealings took all sectors higher, but the improvement in base metal and mineral issues was particularly sharp.

Banks paced a Montreal advance, with gains of about half as much again as those found among industrials and utilities.

TOKYO

Five figures regained at one bound

BLUE-CHIP stocks soared in Tokyo yesterday in response to an overnight surge on Wall Street and pushed the Nikkei-Dow market average above the 10,000 level, *writes Shigeo Nishiwaki of Jiji Press.*

Market activity picked up early, with buying interest reviving in blue chips – particularly Hitachi, which jumped Y45 to Y845. Some incentive-backed issues were also traded actively.

The Nikkei-Dow index, after four consecutive losing sessions, gained 138.47 to 10,086.87. But volume slowed to 329.29m shares from Wednesday's 396.43m, as trading subsided in the afternoon.

The market has been in a correction phase over the past fortnight, with investors preoccupied by fears of higher U.S. interest rates and concern about the continued high level of margin debt.

Small-lot buying by two securities companies – Daiwa and Nikko – helped spur demand for good-quality issues. NEC added Y70 to Y1,180, Matsushita Electric Industrial Y80 to Y1,560 and Canon Y80 to Y1,190. High-priced blue chips also advanced, with TDK adding Y480 to Y5,500, Kyocera Y240 to Y5,940, Sony Y140 to Y3,490 and Victor Y190 to Y2,390.

Blue chips thus regained their leadership status, although large securities houses commented that, for the present, the fortunes of the market will hinge on Wall Street's performance.

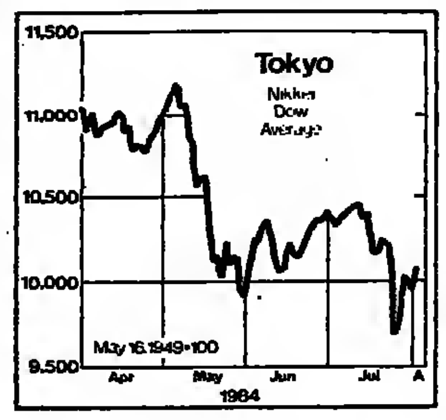
Despite the pronounced rebound, trading volume was relatively light at 3.96m shares for Hitachi, the 11th largest of all stocks traded, 1.22m for Matsushita Electric, 1.25m for Fuji, 0.97m for TDK, 0.34m for Victor and 0.6m for Sony.

Toyo Soda, a biotechnology-related stock, topped the active list with 34.76m shares changing hands, but remained unchanged at Y375. Sanyo-Kokusaku Pulp came second at 15.11m shares and eased Y3 to Y323. The recently favoured incentive-backed issues generally weakened under the impact of profit-taking against fears of a shift of interest to blue chips.

Sanko Steamship, Shokusan Jutaku and General Corporation all lost ground on rumors of financial pressures and shed Y15 to Y105, Y65 to Y130 and Y58 to Y211 respectively.

The bond market firmed, reflecting the strengthening of bond prices in the U.S. One trust bank bought Y20bn worth of long-term government bonds with more than nine years remaining to maturity, while some city banks sold bonds in small lots.

The yield on the benchmark 7.5 per cent government bond maturing in January 1993 dipped to 7.44 per cent from Wednesday's 7.465 per cent.



EUROPE

Foreigners help fuel Frankfurt

THE EASIER tone of the dollar on the foreign exchanges and the overnight lead given by Wall Street provided the spur for another strong performance in many European centres yesterday.

Foreign demand helped to fuel an early rally in Frankfurt which was reflected in an 11.8 advance to 965.5 for the Commerzbank index at midsession. However, many shares ended off their best levels as profit-taking became evident in the wake of the hefty advance of the past two sessions.

The banking sector came under scrutiny as both Deutsche Bank and Bayerische Hypobank announced lower partial first-half operating profits. Deutsche shed DM 1 to DM 338.50, and Hypobank ended unchanged at DM 259. Bayerische Vereinsbank added DM 2 to DM 299 ahead of its announcement of lower first-half results.

The motor sector was again firmer, but advances were more restrained than recently. Daimler added DM 2.50 to DM 544, BMW DM 1.30 to DM 377.50, VW DM 1.50 to DM 174.50 and Porsche DM 1 to DM 971.

Siemens led the electricals higher, adding DM 6 to DM 360 after its announcement of higher group net profit for the first nine months.

Bonds were higher, and the Bundesbank sold DM 50.9m of paper into the market, sharply up on Wednesday's sales, which totalled DM 21.4m.

Turnover returned to an active level in **Amsterdam** after recent restraint, with institutional demand taking the market higher. The ANP-CBS General index added 3.8 to 153.

Some early profit-taking was seen in KLM, but the share rebounded to close up Fl 2.30 at Fl 172.30. Royal Dutch continued its firmer trend, adding Fl 6.50 to Fl 146.30.

Bonds were higher with particular interest shown in higher-coupon issues.

Brussels also firmed in lively trading with the SE index up 2.17 to 146.48. Particular demand was identified from investment funds and professional traders on expectations of further strong advances later in the summer.

Zurich returned after Wednesday's holiday and produced an improved result in higher volume than has been seen during the recent period of sluggishness.

Bonds were slightly higher in thin volume.

Shares advanced across the board in **Paris**. In the rubber sector Michelin rose FFr 30 to FFr 760, while in electricals, Matra added FFr 22 to FFr 1,385.

Oils were also firmer after recent weaknesses, with Esso up FFr 13 to FFr 590 and Cie Française de Raffinage FFr 2.25 ahead at FFr 77.50.

Milan saw an active session with prices buoyed in the wake of Wednesday's confidence vote for the coalition Government. Bonds were selectively firmer in lively trading.

Madrid ended mixed though the bourse index, up 0.67 at 136.51, recorded its sixth successive high for the year.

Stockholm was higher with attention again focused on Ericsson, which continued a week-long rise by adding SKr 12 to SKr 340.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
21½	13¾	AAR	.48	2.2	22	77	u21½	20⅞	21½	+¼
22	13½	AMCA	n .17	1.3		2	13¼	13¼	13¼	+⅛
18⅝	13⅞	AMF	.50	3.1	148	458	16⅛	16	16¼	+¼
51¼	49⅝	AMF	pf2.96e	5.8		400	50⅞	50⅝	50⅞	+⅛
41¼	24¼	AMR Cp			4	6970	29⅝	28¾	29½	+1
20⅞	17⅞	AMR	pf2.18	11		37	19⅝	19¼	19⅝	+⅛
41½	27½	AMR	pf2.13	6.7		632	32¼	31¼	31⅞	+½
25½	23	ANR	pf2.67	12		1	23⅛	23⅛	23⅛	
16¼	8½	APL			3	26	8⅞	8¾	8⅞	
55¾	40¾	ARA	2.10	4.3	10	1943	50¼	49⅛	49⅝	+¾
71½	44¾	ASA	3a	5.9		1005	51¼	49⅞	50⅞	+1⅛
30¼	16½	AVX	.32	1.4	14	494	22¼	20½	22¼	+2⅛
53⅞	36¼	AbtLab	1.20	2.0	15	2991	45⅞	44⅝	45⅞	+1⅛
30¾	23¾	AccoWd	.60	2.0	17	635	29⅞	29⅛	29⅞	+½
27¼	12½	AcmeC	.40	3.0		449	13⅞	13	13⅞	-⅛
12⅛	8¼	AcmeE	.32b	3.7	24	20	8⅞	8¾	8¾	+⅛
24⅞	11	AdmDg	.04	.3	9	37	14⅞	14⅝	14⅞	+⅛
18¾	15	AdaEx	2.11e	14		162	15⅜	15	15⅜	-⅛
19¾	11⅞	AdmMl	.28	2.1	14	88	13½	12⅞	13½	+1⅛
22	13½	AdvSys	.811	4.9	16	91	16⅞	16⅛	16½	
17⅞	7⅞	Advest	.12	1.2		78	9⅞	9⅛	9⅞	-⅛
37½	25¼	AMD			16	8589	32⅛	30⅞	31¾	+1⅛
21⅛	9⅞	Aerflex			11	135	11⅞	10⅞	11⅞	+1⅛
39	27¼	AetnLf	2.64	7.9	31	4394	33½	31¾	33¼	+1½
58¼	54	AetL	pf5.49e	9.8		20	56	55¾	55¾	
34½	15¾	Ahmns	1.20	5.0	5	1272	22	21⅛	21½	+½
7	2⅞	Aileen				76	3¼	3	3⅛	
51	35½	AirPrd	1	2.3	10	264	43⅞	42⅞	43⅞	+¾
30⅞	13	AirbFrt	.60	2.1	0	1207	15	14⅛	14⅞	+½
3⅛	1⅜	AlMoa				98	3⅛	3⅛	3⅛	
27⅞	21	AlaP	pf2.15e	8.6		400	25	25	25	+⅛
7¼	6	AlaP	dpf.87	14		21	6½	6⅛	6⅛	
99	85¼	AlaP	pf 11	12		z60	89	89	89	+⅛
24⅞	20¾	Alagsco	1.64	7.0	0	36	23¾	23¾	23⅞	

[illegible]

Continued on Page 23

هكذا من الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 21

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

X–Y–Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	33¾	Xerox	3	8.4	10	6945	36	35⅝	[illegible]	+ ⅛
51¼	45¼	Xerox	pf5.45	12		10	[illegible]	[illegible]	[illegible]	
37	19	XTRA		2.9	9	385	[illegible]	[illegible]	[illegible]	[illegible]
34	24	ZaleCp	1.26	4.7	9	90	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15¼	Zapata	.84	5.1	12	[illegible]	16¼	16¼	16⅜	[illegible]
45⅝	28¾	Zayre	.40b	1.0	12	[illegible]	[illegible]	40	41	[illegible]
38⅝	20	ZenithE			9	[illegible]	[illegible]	[illegible]	25	[illegible]
27⅝	18	Zero	.36	1.7	16	[illegible]	[illegible]	[illegible]	21	[illegible]
34	21⅛	Zurnin	1.32	5.6	12	[illegible]	[illegible]	23¾	23½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Aug. 3	Price Sch%	+ or —
Creditanstalt	207	-1
Goesser	325	.....
Interunfall	400	.....
Laenderbank	205	.....
Perlmooser	349	+1
Steyr-Daimler	140	.....
Veitscher Mag	217	+7

BELGIUM/LUXEMBOURG

Aug. 2	Price Frs.	+ or —
ARBED	1,450	-58
Banq Int A Lux	5,075	.....
Bekaert B	3,960	+10
Ciment CBR	2,390	-40
Cockerill	254	-18
Delhaize	5,130	+80
EBES	2,660	-60
Electrobel	7,080	+100
Fabrique Nat	1,830	-5
GB Inno BM	3,195	+105
GBL (Brux)	2,240	+55
Gevaert	3,220	+120
Hoboken	5,100	.....
Intercom	1,995	+55
Kredietbank	6,800	.....
Pan Hldgs.	9,100	.....
Petrofina	6,700	+130
Royale Belge	9,350	-50
Soc. Gen. Banq	2,895	+10
Soc. Gen. Belge	1,750	-45
Sofina	6,960	+100
Solvay	3,805	+55
Tractionel	3,700	+30
UCB	4,530	+55
Vieille Mont	4,150	+70

DENMARK

Aug. 2	Price Kr. %	+ or —
Aarhus Olie	450	.....
Andelsbanken	936	+6
Baltic Skand	695	+5
CopHandelsbank	248	+3
D. Sukkerfab	645	+3
Danske Bank	243	+5
East Asiatic	193	-9
Forenede Brygg.	940	+5
Forenede Damp.	112	-1
GNT Hldg.	490	.....
I.S.S.B.	548	.....
Jyske Bank	485	+20
Novo Ind.	9,155	+40
Privatbanken	212	-3
Provinsbanken	999	-4
Smidth (F)	221	-2
Sophus Berend.	975	.....
Superfos	455	+4

FRANCE

Aug. 2	Price Frs.	+ or —
Emprunt 4½% 1973	1,722	-2
Emprunt 7% 1973	9,110	+35
CNE 3%	3,566	.....
Air Liquide	518	+17
BIC	414	+7
Bouygues	585	-10
BSN Gervais	2,450	+25
CIT-Alcatel	1,049	+2
Carrefour	1,425	+25
Club Mediter'n	885	+8
CFAO	612	+8
Cie Bancaire	617	+16
Cofimeg	207.2	-0.8
Darty	215	+25
Dumez S.A.	650	+4
Eaux (Cie Gen)	499	+5
Elf-Aquitaine	201	+9.5
Gen. Occidentale	624	.....
Imetal	76.5	+1.6
Lafarge Coppee	312	+3
L'Oreal	2,225	+17
Legrand	1,855	+7
Maisons Phenix	197	-1.8
Matra S.A.	1,385	+22
Michelin B	780	+50
Midi (Cie)	1,610	+40
Moet-Hennessy	1,640	+39
Moulinex	86.2	+1.2
Nord Est	45	+1
Pernod Ricard	774	+16
Perrier	486	+1
Petroles Fra.	226	+7
Peugeot S.A.	197.8	+10
Poclain	44	.....
Printemps Au.	158	+1.5
Radiotech	245	-4.9
Redoute	1,020	+5
Roussel-Uclaf	1,280	+60
Sefimeg	239	+3
Skis Rossignol	1,355	+20
Telemech Elect.	1,585	+35
Thompson (CSF)	308.5	+11.5
Valeo	222	-0.5

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

GERMANY

Aug. 2	Price Dm.	+ or —
AEG-Telef	91	-0.5
Allianz Vers	737	+1
BASF	153.2	+0.2
Bayer	162.8	+2.3
Bayer-Hypo	259	.....
Bayer-Verein	299	-2
BHF-Bank	239	-3
BMW	377.5	+1.3
Brown Boveri	197.5	-0.5
Commerzbank	150	+0.2
Cont'l. Gummi	117.5	+1.5
Daimler-Benz	544	+2.5
Degussa	347	-2
D'sche Babcock	141.5	-1.5
Deutsche Bank	328.5	-1
Dresdner Bank	151	-1
GHH	137	+1.5
Hochtief	460xc	.....
Hoechst	166.3	-0.5
Hoesch Werke	91.5	+0.8
Holzmann (P)	435	+10
Horten	162	+8
Kali und Salz	207	-2
Karstadt	229.5	-4.5
Kaufhof	203	+1
KHD	223	+3
Kloeckner	56.5	+1
Krupp	75	.....
Linde	347	-6.5
Lufthansa	153.5	+0.5
MAN	137	-2.5
Mannesmann	141.5	-2.5
Mercedes Hld.	482.5	+10.6
Metallgesell	215	.....
Muench Rueck	1040	+80
Preussag	232	-3.5
Rhein West Elect	155.5	+1.8
Rosenthal	330	-3
Schering	359	+1
Siemens	380	+6
Thyssen	72.6	+0.1
Varta	164	+1
Veba	166	-1.3
V.E.W.	114	+1
Verein-West	290	-2
Volkswagen	174.5	+1.5

ITALY

Aug. 2	Price Lire	+ or —
Banca Com'le	17,200	.....
Bastogi IRBS	145	+4
Centrale	2,190	+20
Credito Varesino	4,050	+22
Fiat	4,050	+27
Finsider	36.50	-0.5
Generali Assicur	33,400	-105
Invest	2,905	-30
Italcementi	47,050	-150
Montedison	1,130	+6
Olivetti	5,440	-30
Pirelli Co	3,020	+30
Pirelli Spa	1,700	+24
Snia BPD	1,675	+40
Toro Assic.	11,195	+95
do. Pref.	8,700	+30

NETHERLANDS

Aug. 2	Price Fls	+ or —
ACF Holding	164	+1.5
AEGON	117	+2
Ahold	183.5	+3.5
AKZO	84.8	+1.8
ABN	311	+1
AMEV	155.8	+1.8
AMRO	54	+0.2
Bredero Cert	173.0	.....
Bos Kalis Westm.	27.2	+0.5
Buehrmann-Tet.	85.0	+1
Calland Hldgs.	34.3	+0.3
Credit Lyon'is Bk	45	+0.3
Elsevier-NDU	87	-2.5
Gist. Brocades	137.5	+1.5
Heineken	128	+3
Hoogovens	47.3	+0.9
Hunter Douglas	27.5	-0.1
Int Mueller	34.5	+0.8
KLM	172.3	+9.3
Naarden	39.2	+1.2
Nat Ned Cert	215	+3
Ned. Credit Bank	40	.....
Ned Mid Bank	126	-0.5
Nedlloyd	100	-1
Oce Grinten	233.5	+2.5
Ommeren (Van)	16.1	+0.6
Pakhoed	59.5	+2.8
Philips	46.3	+1.6
Rijn-Schelde	2.8	.....
Robeco	60.7	+1.2
Rodamco	131.3	.....
Rolinco	57.3	+1.3
Rorento	200.4	.....
Royal Dutch	146.3	+6.5
Unilever	253.8	+3.8
VMF Stork	120.5	-0.2
VNU	149.4	+1.9
West Utr Bank	77.5	+0.2

NORWAY

Aug. 2	Price Kroner	+ or —
Bergen Bank	154	-1
Borregaard	285	+10
Christiania Bk.	155	.....
Den Norske Credit	164	+1
Elkem	156	+7
Norsk Data	304	+8.5
Norsk Hydro	676	+30
Storebrand	202.5	+4.6

SPAIN

Aug. 2	Price Pta%	+ or —
Bco Bilbao	358	+3
Bco Central	357	-1
Bco Exterior	212	+2
Bco Hispano	263	+1
Bco Santander	346	+2
Bco Vizcaya	419	+5
Dragados	160	.....
Hidrola	62.7	-0.7
Iberduero	66.2	-0.5
Petroleos	143.2	-0.8
Telefonica	86.7	+0.5

SWEDEN

Aug. 2	Price Kronor	+ or —
AGA	365	.....
Alfa-Laval	234	+2
ASEA (Free)	335	+8
Astra (Free)	375	.....
Atlas Copco	122	.....
Boliden	380	+5
Cardo (Free)	325	.....
Cellulosa	136	-1
Electrolux B	252	+2
Ericsson	340	+12
Esselte	300	+10
Mo Och Domsjo	386	+1
Pharmacia	181xc	+4
Saab Scania	545	.....
Sandvik	400	.....
Skandia	360	+5
Skan Enskilda	59	-1
SKF	189	+2
St. Kopparbergs	726	.....
Sven Handelsbn.	172	.....
Swedish Match	234	+1
Volvo B (Free)	265	+1

SWITZERLAND

Aug. 2	Price Frs.	+ or —
Alusuisse	697	+18
Bank Leu	3,450	+25
Brown Boveri	1,250	+10
Ciba Geigy	2,500	+35
do. (Part Certs)	1,750	+20
Credit Suisse	9,085	+25
Elektrowatt	9,925	-5
Fischer (Geo.)	601	-2
Genevoise	3,495	.....
Hoff-RochePtCts	91,750	+750
Hoff-Roche 1/10	9,150	-75
Jacobs Suchard	6,000	+50
Jelmoli	1,740	.....
Landis & Gyr	1,360	+10
Nestle	5,230	+120
Oer-Buehrle	1,140	+100
Pirelli	948	-1
Sandoz (Br)	6,850	+25
Sandoz (PtCts)	1,020	-15
Schindler (PtCts)	580	.....
Swissair	943	+13
Swiss Bank	314	+5
Swiss Reinsce	7,300	+225
Swiss Volksbk	1,340	+15
Union Bank	3,220	+30
Winterthur	2,785	+10
Zurich Ins.	16,550	-50

AUSTRALIA

Aug. 2	Price Aust $	+ or —
ANZ Group	4.82	+0.17
Acrow Aust.	1.55	.....
Alliance Oil D.	0.62	+0.02
Ampol Pet.	1.7	+0.04
Aust Consolid	1.95	+0.08
Aust. Guarant.	2.98	-0.18
Aust. Nat. Inds	2.22	+0.04
Aust. Paper	2.35	+0.03
Bell Group	4.35	+0.05
Bond Corp Hldgs	1.4	-0.02
Boral	3.55	+0.07
B'ville Copper	1.65	+0.1
Bambles Inds	3.25	+0.1
Bridge Oil	3.85	+0.3
BHP	10.0	+0.26
CRA	4.8	+0.26
CSR	3.19	+0.11
Carlton Utd	4.30	.....
Castlemaine Tys.	4.5	+0.05
Coles (G.J.)	3.9	+0.05
Comalco "A"	2.4	.....
Consolidated Pet	0.59	+0.01
Costain Aust.	1.35	.....
Dunlop Aust.	1.74	+0.03
E.Z. Inds.	6.18	+0.14
Elders IXL	3.95	+0.07
Energy Res.	1.56	+0.03

AUSTRALIA (continued)

Aug. 2	Price Aust. $	+ or —
Gen Prop Trust	2.3	+0.1
Hardie (J.)	3.3	+0.15
Hartogen Energy	2.00	.....
Herald W'y Times	3.7	+0.18
ICI Aust.	2.14	+0.06
Jimb'lana 50cFP	0.3	+0.05
Kia Ora Gold	0.12	+0.01
Lend Lease	9.00	.....
MIM	2.7	+0.15
Mayne Nickless	2.8	+0.1
Meekatharra	0.39	+0.02
Myer Emp.	1.86	+0.02
Nat. Com. Bk.	3.4	+0.06
News	8.9	+0.8
Nicholas Kiwi	4.15	+0.05
North Bkn Hill	2.25	+0.1
Oakbridge	0.85	-0.05
Otter Expl.	0.45	.....
Pancont'l	1.12	-0.07
Pioneer Conc.	1.53	-0.07
Queensland Coal	1.17	-0.02
Reckitt & Coln	2.72	-0.02
Repco	1.15	-0.05
Santos	5.52	-0.02
Smith (H.)	3.6	-0.05
Southland Min'g.	0.30	.....
Spargos Expl	0.47	-0.02
Thos. Natwide	1.95	-0.09
Tooth	5.50	.....
Vamgas	3.2	+0.05
Western Mining	3	-0.15
Westpac	3.92	-0.12
Woodside Petrol.	1.12	.....
Woolworths	2.5	-0.05
Wormald Intl	2.9	-0.05

HONG KONG

Aug. 2	Price H.K.$	+ or —
Bank East Asia	20.4	-0.7
Cheung Kong	8.15	-0.65
China Light	11.4	-0.8
Hang Lung Devel	1.94	-0.17
Hang Seng Bank	31.5	+3
HK Electric	5.80	-0.55
HK Kowloon Wh.	3.40	-0.25
HK Land	2.7	+0.3
HK Shanghai Bk.	6.4	-0.5
HK Telephone	41.5	-1.6
Hutchison Wpa.	10.50	-0.75
Jardine Math.	7.15	-0.65
New World Dev.	2.80	-0.25
Orient O'seas	2.22	-0.1
O'seas Trust Bk.	2.85	-0.2
SHK Props	5.45	-0.45
Swire Pac A	15.8	-1.3
Wheel'k Mard A	3.30	-0.25
Wheel'k M'time	1.9	.....
World Int. Hldge.	1.87	-0.12

JAPAN

Aug. 2	Price Yen	+ or —
Ajinomoto	1,140	.....
Alps Electric	2,060	+120
Amada	1,140	+50
Asahi Chem	595	+35
Asahi Glass	745	+6
Bridgestone	579	+39
Canon	1,190	-80
Casio Comp.	1,370	-180
Chugai Pharm	965	+5
Citizen	452	+2
Daiei	670	+7
Dai Nippon Ptg	930	-50
Daiwa House	505	-11
Ebara	320	-3
Eisai	1,100	-50
Fanuc	8,230	+360
Fuji Bank	848	-8
Fuji Film	1,780	+200
Fujisawa	800	.....
Fujitsu	1,270	+70
Green Cross	1,500	-10
Hasegawa	330	-1
Heiwa Real Est.	527	.....
Hitachi	845	+45
Hitachi Credit	1,240	+20
Honda	1,220	+60
House Food	719	-6
Hoya	2,070	+90
Itoh (C)	282	-1
Ito Yokado	1,940	+50
Iwatsu	1,360	+120
JACCS	550	.....
JAL	3,090	+40
Jusco	830	.....
Kajima	289	+5
Kao Soap	720	+10
Kashiyama	590	+7
Kirin	550	-3
Kokuyo	955	+20
Komatsu	498	+19
Konishiroku	558	+26
Kubota	306	+3
Kumagai	465	+4
Kyoto Ceramic	5,940	+240
Maeda Const.	480	+2
Makino Milling	1,190	+10
Makita	924	+29
Marubeni	301	+6
Marudai	611	.....
Marui	1,010	+10
MEI	1,560	+80
M'ta Elec Works	624	+1
M'bishi Bank	855	.....
M'bishi Corp	537	-2
M'bishi Elec	378	+7
M'bishi Estate	465	+5

JAPAN (continued)

Aug. 2	Price Yen	+ or —
MHI	217	-1
Mitsui Co	527	.....
Mitsui Estate	630	+15
Mitsukoshi	350	.....
NGK Insulators	780	+15
Nihon Cement	199	-1
Nippon Denso	1,460	-60
Nippon Elect.	1,180	-70
Nippon Express	310	-2
Nippon Gakki	680	+39
Nippon Kokan	137	-1
Nippon Oil	890	-32
Nippon Seiko	525	-20
Nippon Shimpan	513	-8
Nippon Steel	144	.....
Nippon Suisan	336	-6
NTV	10,700	-700
Nippon Yusen	215	-4
Nissan Motor	597	-15
Nisshin Flour	500	.....
Nisshin Steel	165	-5
Nomura	634	-20
Olympus	978	-83
Orient Leasing	3,200	-100
Pioneer	2,710	-120
Renown	621	-1
Ricoh	890	-34
Sankyo	765	-5
Sanyo Elect.	486	+2
Sapporo	418	.....
Sekisui Prefab	595	-5
Seven-Eleven	2,500	-150
Sharp	1,060	-30
Shimadzu	552	-13
Shionogi	660	+3
Shiseido	1,070	-30
Sony	3,490	-140
Stanley	720	-40
S'tomo Bank	858	-18
S'tomo Elect	793	-17
S'tomo Marine	343	-8
S'tomo Metal	152	.....
Taihei Dengyo	460	.....
Taisei Corp	206	-1
Taisho Pharm.	900	-20
Takeda	731	-6
TDK	5,500	-480
Teijin	351	-3
Toa Oil	654	-3
Tokyo Marine	533	-4
TBS	720	-10
Tokyo Elect Pwr.	1,090	.....
Tokyo Gas	140	-2
Tokyo Sanyo	670	+40
Tokyo Style	700	-11
Tokyu Corp.	268	.....
Toppan Print	785	-7
Toray	390	+3
Toshiba Elect.	383	+9
TOTO	560	-5
Toyo Seikan	732	+22
Toyota Motor	1,340	-50
Victor	2,390	+190
Wacoal	710	-10
Yamaha	505	-10
Yamanouchi	1,140	.....
Yamazaki	630	-5
Yasuda Fire	961	+1
Yokogawa Bdge.	402	.....

SINGAPORE

Aug. 2	Price $	+ or —
Boustead Hldgs.	2.31	-0.04
Cold Storage	3.54	-0.02
DBS	8.50	.....
Fraser & Neave	5.5	+0.05
Genting	6.35	+0.05
Haw Par. Bros	2.37	-0.01
Inchcape Bhd.	2.88	-0.02
Keppel Shipyard	2.27	+0.05
Malay Banking	8.6	-0.2
Malay Brew.	6.85	.....
Multi Purpose	1.95	+0.05
OCBC	9.85	.....
OUB	4.24	-0.02
Sime Darby	2.15	+0.01
Straits S'mship	1.6	+0.08
Straits Trdg.	5.25	.....
UOB	4.86	+0.02

SOUTH AFRICA

Aug. 2	Price Rand	+ or —
Abercom	1.6	+0.05
AE & CI	8.0	.....
Anglo Am Coal	30.75	+0.25
Anglo Am Corp.	21.75	+0.75
Anglo Am Gold	148.5	+1.5
Barclays Bank	15.75	-0.25
Barlow Rand	11.4	+0.4
Buffels	68	+0.5
CNA Gallo	2.3	-0.1
Currie Finance	4.25	-0.05
De Beers	8.7	+0.85
Driefontein	47.5	+1
FS Geduld	48	+1.25
Gold Fields S.A.	23.5	+1
Highveld Steel	4.45	.....
Hedbank	10.9	+0.2
OK Bazaars	15.2	-0.3
Protea Hldgs	1.75	.....
Rembrandt	23.75	.....
Rennies	12.25	+0.15
Rust. Plat.	14	-0.25
Sage Hldgs	7.25	.....
SA Brews	6.55	-0.05
Smith (C.G.)	18.6	-0.05
Tongaat Hulett	8.45	.....
Unisec	5.15	.....

CANADA

TORONTO

Closing prices August 2

Sales	Stock	High	Low	Close	Chng
1100	Abti Price	$27¼	27½	27¼	
603	Acklands	$18¾	18	18	-¼
15900	Agnico E	$14⅛	14	14⅛	+⅛
500	Agra Ind A	$5⅛	5⅛	5⅛	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25202	Denison A	$15½	14⅞	15⅛	+⅛
7702	Denison B t	$14½	14	14⅛	+⅛
2650	Develcon	$10½	10½	10½	
12200	Dickenson A f	450	430	450	+35
4600	Dickenson B	450	430	450	+40
8006	Doman A	310	280	290	+15
10334	Dofasco A	$20½	19⅞	20⅛	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39041	Lac Mnrls	$29	28	28½	+1½
5900	LOm Cem	$7⅞	7⅝	7⅝	+⅛
9649	Lecana	$10⅝	10½	10½	+⅛
3550	LL Lac	$30⅛	28⅞	30⅛	+2
1200	Loblaw Co	$15⅛	15⅛	15⅛	
1000	MDS H A	$15½	15½	15½	-⅞
500	MICC	375	350	375	+25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	Suncor pr	$24⅛	24⅛	24⅛	+⅛
5900	Sydney o	65	65	65	-5
4600	Talcorp	80	80	80	
1000	Tara o	16	16	16	+⅛
575	Teck Cor A	$9⅞	9⅝	9⅝	+⅛
10052	Teck B t	$8½	8⅛	8½	+⅛
200	Teledyne	$8½	8½	8½	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total sales: 14,173,887 shares

MONTREAL

Closing prices, August 2

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total sales: 2,494,580 shares

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Quote	Close Prev. Quote	Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S—S—S

T—T—T

U—U—U

V—V—V

W—W—W

X—Y—Z

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B—B

C—C

D—D

E—E

F—F

G—G

H—H

I—I

J—J

K—K

L—L

Stock	Div.	Sales (Hnds)	High	Low	Last	Chng
Lindbrg	16	7	5½	5½	5¼	-⅛
LizClab s	50	3241	44⅝	43	44¼	+1½
LongF	1.20	66	25½	23	25¼	+2
Lotus		3339	19½	18	19½	+1¼
Lypho c		803	12⅜	12¼	12⅜	

M—M

Stock	Div.	Sales (Hnds)	High	Low	Last	Chng
MCI s		35280	7⅛	7	7½	+⅛
MIW		7	4⅞	4⅝	4⅝	-¼
MPSI s		42	8⅛	8	8⅛	-⅛
MTS Sy	32	741	20	19¾	20	+½
Macrg s		9	6⅛	6½	6⅝	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

N—N

O—O

Continued on Page 32

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Tr 10½pc 1989	£91⅞	+£⅞
Ex. 12pc '13-17	£117⁄8	+£½
Tr. i/l, 2½pc '16	£83	+£½
AE	74	+5
BOC	248	+7
Baker Perkins	131	+8
Barclays Bank	462	+7
Cable & Wire.	315	+10
Debenhams	176	+7
Delyn Pack.	135	+33
GEC	194	+10
Hanson Trust	211	+7
Henriques (A.)	85	+12
Hinton (A.)	370	+35
London Pru I.T.	215	+21
MK Electric	288	+20
Metal Closures	164	+8
R. Bank Scot.	220	+8
Thorn EMI New.	20pm	+10
Trafalgar House	232	+8
Utd. Newspapers	286	+16
BP	450	+17
Shell Transport	580	+23
Aberfoyle	510	+30
Bougainville	101	+10
CRA	308	+16
ConsGold	492	+17
De Beers Defd.	397	+13

FALLS

Intasun	110	-5
Lyle Shipping	26	-4

LONDON STOCK EXCHANGE

MARKET REPORT

Gilts lead as market tempo increases strongly behind encouraging U.S. news

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug 6
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government securities spearheaded a strong advance in London which, in common with other international stock markets, responded tn the flow of encouraging news from across the Atlantic. Gilt-edged investors found new confidence and the authorities were soon tested for supplies of stock. The remainder of the Government broker's £200m tranche of Treasury 10 per cent 1992 was exhausted, leaving the official cupboard bare of taplets other than the specialist Transport 3 per cent 1978-88 issue.

Stock shortages were exacerbated as the weigh tof money searching for a home increased. Institutional and smaller operators were both active, wanting to invest in Gilts ranging from short to ultra-long life. Freed of official tap—a rare ocurrence these days—the longer end of the market rose sharply, with sentiment aided by fresh buoyancy early yesterday in U.S. bond values and sterling's welcome late recovery as the dollar lost a little of its recent strength.

Shortly before the official 3.30 pm close, gains in the longs were approaching two points but in relatively quiet after-hours' trading they were trimmed to around 1¼ points. Short-dated stocks benefited as Discount House buyers began to take notice and, after a session of uninterrupted firmness, rises stretched to ⅞. Index-linked stocks were not ignored, achieving improvements extending to ¼. Mirroring the trend, the FT Government Securities index rose 0.63 to 76.70, a recovery of 0.98 over the past three days.

Leading shares capitalised on the Gilt market tone and reports of American support for selected top-quality stocks. Wal Street's upsurge, which continued early yesterday, undoubtedly inspired revived demand but dealers were convinced that it mainly emanated from UK sources. Seasonal influences, usually more pronounced in August than any other month, were forgotten and investment enthusiasm increased for first-line industrials together with numerous speculative counters.

Closing prices were the day's highest and the FT Industrial Ordinary share index, which breached the 80 mark at the first calculation, extended this week's good rise to close 13.9 up at 809.1; in the past four sessions, the measure has risen 31.7.

Barclays' 17½ per cent interim profits increase to £306m was deemed slightly disappointing—brokers estimates had ranged from £300m to £350m—and the shares initially drifted lower to 450p. However, the chairman's later denial of any intentions to make a rights issue prompted a rally which left a close of 462p, up 7 on balance. Other clearers closed at around the best levels of the day with NatWest 15 better at 625p. Lloyds, which concludes the results season today, closed 10 up at 460p; news of the agreed bid for Royal Bank of Scotland's 39.3 per cent stake in Lloyds and Scottish made no impact on sentiment, but left RBS 8 higher at 220p. Midland put on 5 at 345p. Foreign issues were inclined harder. Hongkong and Shanghai firmed 4 more to 64p, and ANZ added 8 at 303p. Mirroring the performance of gilts, Discount Houses improved throughout led by Union, 20 up at 640p. Cater Allen gained 10 at 435p and Gerrard and National 15 to 285p. Among merchant banks, Charterhouse J. Rothschild rose 4 to 84p and Brown Shipley featured with a late advance of 20 to 335p.

Buildings enjoyed a distinctly better session. Among the leaders, Blue Circle, helped by favourable interim figures from its Australian subsidiary, improved 12 to 377p. RMC rose a like amount to 350p and Redland were 9 dearer at 254p. Contracting issues to make headway included Taylor Woodrow, 10 up at 303p, Costain 12 firmer at 290p, and J. Laing, 7 higher at 173p. Elsewhere, lower interim profits left Johnstone's Paints 5 off at 85p.

ICI met with fresh demand and closed 18 up at the day's best of 572p.

Stores continued Wednesday's recovery, although sporadic profit-taking in the afternoon left most below the best levels. Speculative attention again centred on Debenhams which, having responded to recent support on income grounds, made further progress on revived takeover talk to close 7 up for a three-day advance of 23 to 176p.

Secondary Stores again featured the main discount concerns. Dixons, 260p, and Currys, 262p, rose 7 and 4 respectively, while Harris Queensway closed another 8 to the good at 158p. Fresh speculative demand lifted rumoured "shell" situation Arthur Henriques 12 to 85p, while buyers also displayed occasional interest in Steinberg, 7 better at 108p, Greenfields Leisure, 3 up at 4p, and NSS, 4 dearer at 94p.

Leading Electricals took a distinct turn for the better. GEC featured with a rise of 10 to 194p, while BICC improved 8 to 225p and Plessey 6 to 202p. Buyers also began to show interest in Thorn EMI new nil-paid sharres which moved up smartly to close 10 highly at 20p premium. Among numerous features elsewhere MK Electric rose 20 to 288p. Cable and Wireless, still reflecting the more optimistic outlook on the Hong Kong situation, put on 10 more to 315p, while similar rises were seen in United Scientific, 272p, VG Instruments, 196p, and Electrocomponents, 268p. Dealings were temporarily suspended in SCUSA, at 103p, pending publication of reorganisation details folowing news of the proposed acquisition of Holmes Protection Inc. Trading was also suspended in Security Centres with the price at 290p.

With the exception of Hawker, 7 to the good at 430p, leading Engineers tended to be left out of the picture. TI, a good market of late, ran back 6 to 236p awaiting next Thursday's interim statement. Elsewhere, Baker Perkins, reflecting bullish reports from yesterday's annual meeting, put on 8 at 131p.

The spotlight in Foods switched to secondary issues and particularly Amos Hinton, which advanced steadily on persistent speculative buying to close 35 up at a new peak for the year of 370p; the company announced early last month that it had received an approach that could lead to a merger. Hazlewoods were also notable for a rise of 55 to 735p, while Argyll, 164p, and William Low, 393p, gained 6 apiece. Among the leaders, Cadbury Schweppes moved up 4 to 127p, as did J. Sainsbury, to 268p.

Encouraged by the improvement overnight on Wall Street, *leading miscelaneous industrials* attracted selective buying interest. Glaxo recorded a fresh gain of 15 to 880p, while BTR put on 13 at 436p and Hanson Trust 7 at 211p. Buying ahead of next Thursday's preliminary statement left BOC 7 to the good at 248p. Metal Box were good again at 328p, up 8, but Beecham quietened after the previous day's late U.S. support and closed only 3 firmer at 315p, after 318p. Secondary issues recorded some useful gains. Peter Black, reflecting the annual results and proposed one-for-one scrip issue, rose 10 to 290p. Lep Group advanced 10 further to 625p and Extel put 8 more at 328p. Metal Closures, an old bid chestnut, were also 8 beter at 164p. Renewed support ahead of the interim figures, due shortly, left J. Bibby 7 dearer at 222p. Other good spots included Norcros, 7 higher at 143p, and Pearson, 13 dearer at 523p. Hong Kong stocks made further headway, Swire Pacific A rising 8 further to 158p and Hutchison Whampoa 5 more to 106p.

The surprise announcement that the pricing of package tours has been referred to the Monopolies Commission put the brake on recent ebullient holiday concerns Horizon Travel and Intasun; the former, up 32 the previous day on news of the unwelcome bid approach from Grand Metropolitan, retreated initially to 163p before closing only a couple of pence off at 176p. Intasun touched 105p and finished 5 lower on balance at 110p.

Press comment highlighting the recent revival in the fortunes of selected Engineering concerns directed investment attention towards Motor and Aircraft Component manufacturers. AE were particularly active and advanced 5 to 74p, while similar gains were noted for Lucas, 180p, Dowty, 149p, and Automotive Products, 59p. Flight Refuelling improved 8 to 240p. Distributors paid scant notice to reports of disappointing "B" registration new car sales. Lex Service, a nervous market since the recent profits warning, rallied 10 at 345p, while Appleyard rose a few pence to 32p. T. Cowie closed 3 to the good at 38p following impressive third-quarter results.

Publishers took a turn for the better. United Newspapers stood out, rising 18 to 286p; the interim figures are expected next month. East Midland Allied Press "A" improved 5 to 83p following publicity given to a review by brokers Grieveson Grant.

Ocean Transport rallied 4 to 117p as cautious newspaper comment on the first-half figures was counteracted by a broker's bullish outlook on future trading; de Zoete and Bevan have raised their forecast to £24m pre-tax and rate the shares as "cheap." In contrast, Lyle Shipping encountered sellers and dipped 4 to 26p; the company announced on Tuesday that it was passing the interim payment on the 8.75 per cent Preference shares.

London Prudential Investment Trust spurted 21 to 215p after the announcement that the company is in receipt of two tentative takeover approaches. Financials responded to renewed support; Exco advanced 15 to 450p, while Mercantile House, still buoyed by the full-year figures, improved 14 more at 308p.

A strong showing by oil shares on Wall Street overnight coupled with hopes that the recent downtrend in international oil prices has been halted encouraged renewed and often substantial support for leading Oils.

The rally in Forties and Brent crude prices proved particularly beneficial to BP and Shell. The former advanced 17 to 450p—a three-day gain of 25—while Shell jumped 23 to 580p, after 583p. Royal Dutch were heavily bought in U.S. markets overnight and continued strongly in London to close £1¼ firmer at £34¼; second quarter results from Royal Dutch and Shell are due next Thursday. Britoil moved up 9 to 220p, LASMO 6 to 272p and Tricentrol jumped 10 to 186p. Ultramar, scheduled to announce interim figures on Thursday, gained 7 at 243p.

Golds improve

The easier trend in the dollar and a subsequent rise in the bullion price encouraged a strong showing throughout mining markets.

South African Golds were particularly wanted and responded positively to the rally in the Rand against the dollar and the higher gold price; the latter touched $348 prior to closing a net $3.5 up at $343.75 an ounce.

Gold share prices gained ground from the outset, overnight American buying being quickly followed by substantial support from Johannesburg and a number of European centres. Demand tended to peter out in after-hours' business but overall gains were sufficient to produce a 79.0 jump to 504.7 in the Gold Mines index.

London-domiciled Financials were highlighted by Consolidated Gold Fields which moved up 17 to 492p on persistent small buying interest. Rio Tinto-Zinc put on 8 to 553p and Hampton Areas 2 to 172p. Charter Consolidated remained an active market and edged up 3 more to 248p despite the absence of any takeover or asset sales developments.

The strength of precious metal prices, coupled with the good gains on Wall Street, prompted a sharp rise in overnight Sydney and Melbourne. Consequently "down-under" issues opened sharply higher in London and continued to improve throughout the session. Leading diversified stocks were well to the fore with CRA advancing 16 to 308p, Western Mining 11 to 194p and Bougainville 10 to 101p. Aberfoyle, a strong market in recent days following the latest drilling report from the Tasmanian base-metal prospect, jumped 30 more to 510p.

Activity in Traded Options improved significantly and total contracts struck amounted to 5,534—well above recent volume. The FTSE 100 returned to favour and recorded 1,040 calls and 712 puts. Elsewhere, improved sentiment in the underlying shares boosted demand for Oil options. BP attracted 502 calls, 309 in the October 420's, 17 dearer at 50p. Shell Transport recorded 437 calls with the October 550's accounting for 130 and closing 20 up at 47p. Shell also attracted 239 puts.

FINANCIAL TIMES STOCK INDICES

	Aug 2	Aug 1	July 31	July 30	July 27	July 26	year ago
Government Secs	76.70	76.07	75.95	75.72	76.16	76.48	79.10
Fixed Interest	80.74	†80.45	80.66	80.43	80.65	80.89	82.07
Industrial Ord.	809.1	795.2	790.5	778.7	775.4	777.5	783.0
Gold Mines	504.7	425.7	487.3	420.0	508.4	514.0	647.1
Ord. Div. Yield	5.08	5.16	5.21	5.22	5.27	5.27	4.50
Earnings, Yld.% (full)	11.90	12.13	12.21	12.39	12.34	12.06	9.16
P/E Ratio (net) (*)	10.13	9.94	9.87	9.73	9.76	9.97	13.57
Total bargains (Est.)	16,460	16,611	15,951	16,808	17,757	17,411	17,000
Equity turnover £m.	—	214.42	158.86	103.97	264.90	258.00	183.27
Equity bargains	—	11,725	11,234	12,403	15,382	14,441	17,382
Shares traded (ml)	—	137.6	90.7	91.6	203.6	159.1	120.0

10 am 807.1. 11 am 804.1. Noon 805.6. 1 pm 806.0.
2 pm 805.8. 3 pm 805.8.
Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
*Nil=9.69.
† Corrected.

HIGHS AND LOWS

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	87.48 (14/3)	80.43 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (8/3)	465.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug 1	July 31
Daily		
Gilt Edged Bargains	101.0	166.7
Equities Bargains	70.0	70.7
Value	433.5	361.1
5-day Average		
Gilt Edged Bargains	156.9	158.2
Equities Bargains	86.3	88.2
Value	410.5	378.8

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
AE	74	+ 5
Barclays Bank	462	+ 7
BP	450	+17
Delyn Packaging	135	+32
Hanson Trust	211	+ 7
Hinton (Amos)	370	+35
Horizon Travel	176	− 2
ICI	572	+18
MK Electric	288	+20
Royal Bk of Scotland	220	+ 8
Royal Dutch	£34	+ 1¼
Shell Transport	580	+23

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Horizon Travel	23	178	+30
Beecham	20	312	+ 7
ICI	19	554	+ 2
HK Shnghai Bk	16	60	+ 2
Cable & Wire	15	305	+17
Charter Cons	14	245	+17
Glaxo	14	865	+10
NatWest Bank	13	610	+10
Intasun Leisure	12	115	+ 7
Grand Met	11	290	—
Renold	11	45	+ 4
Royal Ins	11	455	− 5
Shell Trans	11	557	+ 7
BP	10	433	+ 3

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (45)

AMERICANS (14)
Brunswick Corp; Public Serv Elec & Gas; Campbell Soup; Rohr Inds; Gillette; Great Western Fin; Southwestern Bell; Houston Inds; United Tech; Lockheed Corp; US West; NYNEX; Woolworth; Pacific Telesis

CANADIANS (1)
BCE

BANKS (1)
Kleinwort Benson

CHEMICALS (2)
Allied Colloids; Amersham Int'l

STORES (1)
Henriques (A.)

ELECTRICALS (1)
Comcap

ENGINEERING (1)
Renold

FOODS (2)
Hinton (A.); Meadow Farm Prod

HOTELS (1)
Garfunkels Rests.

INDUSTRIALS (5)
Brammer; Extel; Continental Group; Lep; Dover Corp

MOTORS (1)
Adams & Gibbon

PAPER (1)
Delyn Packaging

PROPERTY (5)
Allied London; Rosehaugh; Apex Props; Stock Conversion; London Shop Prop

TEXTILES (2)
Nickling Pentecost; Yorklyde

TRUSTS (3)
Cambrian & Gen; Barrie Invs; Do. Cap

OILS (2)
High Plains Oil; Night Hawk Res

MINES (2)
Pahang Mining & Expl; Kamunting

NEW LOWS (20)

AMERICANS (1)
Fluor Corp

BANKS (1)
Schroders

ELECTRICALS (1)
Miles 33

ENGINEERING (3)
Ash & Lacy; Spencer Clark; Chemring

INDUSTRIALS (1)
Fletcher Challenge

LEISURE (1)
Boosey & Hawkes

MOTORS (1)
Kwik-Fit

NEWSPAPERS (1)
Gordon & Gotch

PAPER (1)
Alcon Int'l

PROPERTY (1)
Speyhawk

SHIPPING (1)
Lyle Shipping

TEXTILES (1)
Spencer (G.)

TRUSTS (1)
Energy Finance

OILS (4)
Falmouth Pet.; Pennine Resources; Ohio Resources; Ranger Oil

MINES (1)
West Rand Cons

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Thur Aug 2 1984	Wed Aug 1	Tues July 31	Mon July 30	Fri July 27	Year ago (approx.)
Figures in parentheses show number of stocks per section	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Thur Aug 2	Day's change %	Wed Aug 1	xd adj. today	xd adj. 1984 to date	AVERAGE GROSS REDEMPTION YIELDS	Thur Aug 2	Wed Aug 1	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters (or fully-paid). ‖‖ Introduction. ☆ Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 23	Aug 3	Oct 25	Nov 5
Aug 6	Aug 17	Nov 8	Nov 19
Aug 20	Aug 31	Nov 22	Dec 3

For rate indications see end of Share Information Service

Call options were taken out in Birmid Qualcast, London and Northern, Brunswick Oil, Epicure, BP, Imps, Gestetner A, Raybeck, Lofs, Atlantic Resources, Jacksons Exploration, LWT, Bula, Tootal, Grovebell and Hutchinson Whampoa. No puts or doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	95	7	6
Corpns Dom and Foreign Bonds	32	2	45
Industrials	461	74	878
Financial and Props	280	20	224
Oils	42	7	62
Plantations	8	7	11
Mines	111	9	55
Others	132	13	112
Totals	1,161	137	1,400

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$350	2	4	9	16	—	—	$344.76
GOLD C	$375	—	—	15	7.50	0	16	"
GOLD C	$400	—	—	4	3.50	—	—	"
GOLD C	$425	—	—	—	—	3	5.50	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 25,225
A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*450)	420	50	55	62	12	20	30
	460	27	50	37	35	40	52
	500	10	15	—	68	76	—
	550	4	7	—	118	120	—
Cons Gold (*489)	460	54	66	70	14	[illegible]	[illegible]
	500	30	40	47	34	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
LASMO (*275)	260	25	37	40	10	15	23
	280	10	25	32	22	27	33
	300	4	16	20	40	45	62
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Aug. 2. Total Contracts 5,534. Calls 3,351. Puts 2,183.
*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅞	99⅝	Treas 12pc 1984	99⅝		12.02	12.24
105⅝	101⅝	Treas. 15pc 1985	101⅞xd	+⅛	14.72	11.39
102¼	100	Exch 12pc Cnv. '85	100⅛	−⅛	11.99	11.77
95⅞	93⅛	Treas 3pc 1985	93⅝	+⅛	3.17	10.12
102⅝	99½	Treas 11½pc 1985	99⅝	+⅛	11.51	11.53
99¾	96⅛	Treas 8¾pcCnv '85	97	+⅛	9.02	11.83
104⅛	99⅞	Exch. 12¼pc 1985	100¼	+⅛	12.22	11.93
103⅛	99⅛	Exch. 11¾pc '86	99¾xd	+½	11.78	11.93
102⅜	96⅛	Treas. 10pcCnv 1986	96⅞	+⅛	10.33	12.10
90⅛	88¼	Treas 3pc 1986	89⅝	+⅛	3.35	9.45
102	96¾	Exch 10½pc Cv '86	97½	+½	10.77	12.04
104⅛	99⅛	Treas 12pc 1986	99⅞	+⅛	12.03	12.08
98¾	93¾	Treas 8½pc 1984-86‡‡	94	+½	9.04	12.06
108⅞	102⅛	Exch. 14pc 1986	103⅛	+⅛	13.57	12.27
87⅛	85	Exch. 2½pc 1986	85⅛	+⅛	2.93	9.69
107⅞	100⅞	Exch. 13¼pc 1987	101⅝	+⅝	13.02	12.37
100⅞	94½	Treas 10¼pcCv '87	95½xd	+⅛	10.75	12.44
86⅛	83¼	Exch 2½pc 1987	83⅞	+⅛	2.98	9.80
101⅛	94½	Exch. 10½pc 1987	95⅛	+½	11.02	12.58
92⅞	87	Funding 6½pc '85-87‡‡	87½	+⅛	7.43	11.95
99⅝	92⅞	Treas 10pc 1987	93⅞	+⅞	10.66	12.62
85	81⅛	Treas 3pc 1987	82⅞	+¼	3.63	9.97
105	97¼	Treas. 12pc 1987	98⅛	+⅛	12.23	12.74
94⅞	87⅛	Treas 7¾pc 1985-88‡‡	88xd	+⅛	8.81	12.0p
100¼	92⅞	Exch 10½pc '88	93⅛	+⅛	11.25	12.76
98⅛	89⅛	Treas 9¾pc Cv '88	90¾	+¼	10.73	12.80
82	77	Transport 3pc '78-88	77½	+⅛	3.87	8.11
96⅞	88⅛	Treas. 9½pc '88	89⅛	+⅛	10.66	12.88
106¾	94⅞	Treas 11½pc 1989	95⅛xd	+⅛	12.05	12.85
95⅛	87⅞	Treas 9½pc Cnv '89	88⅞	+1	10.70	12.71
95½	90⅛	Treas 10½pc 1989	91⅛	+⅛	11.48	12.91
100⅛	88⅞	Exch.10pc 1989	89⅞	+⅛	11.16	12.99

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
85⅝	77½	Treas 5pc 1986-89	78⅝	+½	6.48	10.86
112¼	100⅛	Treas 13pc 1990‡‡	101½	+⅝	12.89	12.76
110⅞	101⅜	Exch. 12½pc 1990	103	+⅜	12.70	12.89
93⅜	84⅞	Treas 8¼pc 1987-90‡‡	85⅝	+⅝	9.73	11.99

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

هكذا من الأصل

هكذا صدر الأصل

INDUSTRIALS—Continued

1984 High	1984 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
95	65	Marley	77	+1	3.2	2.1	5.9	10.8
58½	40	Marling Ind 10p	53	.....	1.3	ϕ	3.5	ϕ
46	29	Marshall L'ny. 'A'	31	.....	1.2	1.6	5.5	15.51
*54	37	Marshall's Univ	48	.....	ϕH1.75	—	5.2	14.4
30	20	Martin-Black	22¢	.....	—	—	—	—
£108	£88	Mathesons 7¾%	£98	.....	Q7¾%	2.3	18.2	—
378	287	Metal Box £1	328	+8	15.0	3.0	6.5	5.6
220	129	Metal Closures	164	+8	6.3	2.3	5.5	9.11
27	13	Metal Sciences 2½p	15	.....	—	—	—	—
19	8	Metamec Jentique	10	.....	0.01	—	—	—
133	83	Midland Marts	88	.....	4.0	1.8	8.5	11.1
64½	45	Mitchell Cotts	50½	+½	3.67	1.0	8.9	15.4
29	13	Mobec Grp 1p	13	.....	0.5	2.5	5.5	10.2
168	132	Morgan Crucible	148	.....	7.5	1.2	7.2	15.9
30	13½	Morris (W) Fine Arts	15	.....	bg0.25	4.0	2.4	13.7
*95	80	Moss (Robt.) 10p	91	+3	2.5	2.9	3.9	11.0
330	197	NMW Computers	307	+7	6.0	3.0	2.8	17.1
65	47	Nash Inds.	48	.....	4.0	2.2	12.3	5.4
47	30	Neill & Sp'ncer 10p	33	+3	—	—	—	14.2
33	16	Newman Industs	17	.....	—	—	—	9.6
31	16½	Do. 10pc Cnv. Cov. Pf.	19½	+1	10%	—	7.1	—
67	43½	Nolton	55	+4	1.0	2.9	2.8	19.3
175	132	Norcros	143	+7	7.5	2.4	7.5	7.5
86	59	Nu-Swift 5p	63	.....	—	—	—	12.1
100	50	Oakwood Grp	55	.....	‡d6.5	—	‡	—
190	145	Office & Elect	163	+1	7.5	2.8	6.6	7.3
875	700	Oriflame Intl SA	800	.....	Q53c	2.2	4.5	10.0
46	26	Ovenstone 12½c	26	.....	Q4.5c	2.2	9.2	4.9
£146	£120	Ozalid Fin. Cv.	£125	.....	Q9%	—	7.3	—
190	157	PCT Grp 10p	160	.....	bg4.8	ϕ	4.2	ϕ
207	154	Parker Knoll 'A'	154	.....	8.5	1.0	7.9	5.8
265	197	Pauls	215	.....	0.5	2.8	5.6	7.8
590	403	Pearson	523	+13	14.0	2.7	1.8	12.0
35	21	Peek Holdings	21	.....	—	—	—	—
107	89	Peerless	96	.....	6.3	1.5	9.4	8.8

LEISURE—Continued

1984 High	1984 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
38	10	Norfolk Int 20c	11	.....				
105	112	Norton Opax 10p	125xd	.....	G3.0	ϕ		
		For Our Price see Store.						
31½	14½	Owners Abroad	15	–¼	0.15	6.1		
66	35	Photax (Lon.)	46	.....				
130	73	Pineapple Dn. 5p	82	.....	d1.5	0.0		
420	285	Pleasurama 5p	300	–7				
158	75	Radio City 'A' NV	75	.....				
70	55	Radio Clyde N V	55	.....				
148	48	Riley Leisure 10p	56	+2				
118	94	Saga Hols. 20p	99	–1	3.75	1.6		
390	290	Samuelson Grp £1	330	.....	d17.0	2.7		
27½	19	Sangers Photo 10p	19	.....	bg1.25	1.8		
164	98	Scott. TV 'A' 10p	152	+4	8.1	2.9		
285	186	SeaCo Inc $0.125	268	.....	—	—		
35	10	Select TV 10p	18	.....	—	—		
37	24	TSW 5p	29½	.....	1.2			
150	79	TVS N/Vtg 10p	127	+2	†2.0	5.5		
30	22	Television Svcs 10p	23	.....	g0.3	3.7		
90	60	Tottenham Hotspur	69	.....	h4.0	1.9		
161	120	Trid'nt TV 'A' 10p	161	.....	†5.5	1.8		
168	100	21st Century Dist	100	.....	—	—		
197	115	Tyne Tees TV 'A' £1	155	.....	8.25	2.4		
83	53½	Ulster TV N/V 'A'	75	.....	h4.0	2.5		
25½	17	Webb (Jos.) 5p	18	+½	d0.51	0.5		
90	88	Zetters 5p	89	.....	†3.1	3.0		

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1984 High	1984 Low	Stock	Price	+ or –	Div Net	C'vr
76	38	BL 50p	43	.....	—	—
66	50	Coleman Milne 10p	60	.....	ϕ1.7	2.8
256	227	Gen. Mts. Units	227	.....	Q12c	—
385	294	Honda Motor Y50	379	+17	Q23%	8.6

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

1984 High	1984 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
		Central African					
280	150	Falcon Z50c	150	.....	Q100c	ϕ	47.1
17	11½	Wankie Col. Z$1	12½	.....	—	—	—
21	14	Zam Cpr. SBD0.20	15¼	.....	—	—	—
		Australians					
65	23	ACM 50c	26	.....	—	—	—
39	20	Allstate Explo NL	21	.....	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

"Recent Issues" and "Rights" Page 25

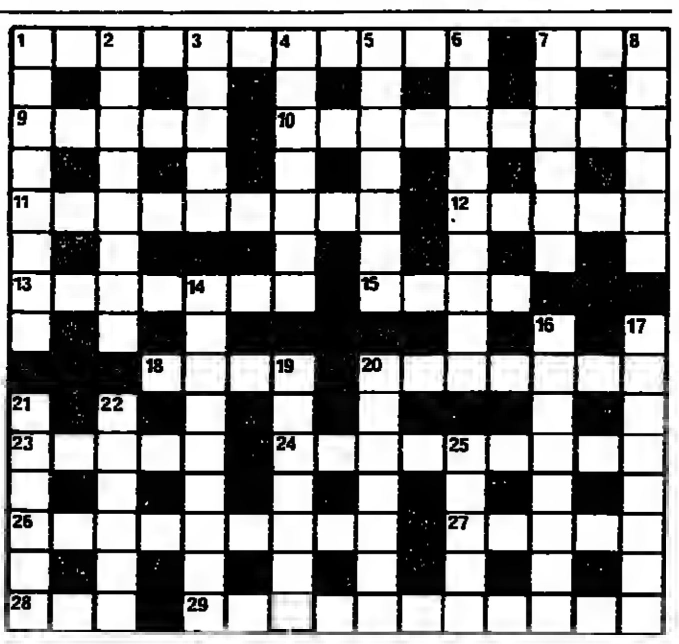
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,482



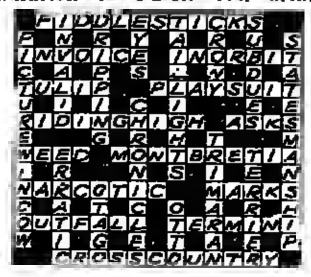
ACROSS

1 Pop of rib? (6-2-3)
7 One in Euclid's bridge hard to move? (3)
9 First capital gains tax in Berkshire (5)
10 Isn't Wales peculiarly this-inclined? (9)
11 Medusa, stingy sort in the main (9)
12 Religious teacher's pet, almost (5)
13 Steal the show riding by Wells Fargo (7)
15 Cocaine used by sham doctors nowadays (4)
18 501, self-contained, is a record (4)
20 As a front entertainer, I go wrong in the grass (7)
23 Work without effort to produce eastern flower (5)
24 Done with ruff — waste of a suit, perhaps (9)
26 Joint arthropod (9)
27 Dress-ring of film-star (solitaire type) (5)
28 Absolutely sure of the contractor? (3)
29 Like Mrs Worthington's issue—came out on platform (5-6)

DOWN

1 Four jobs roughly made Carroll's day (8)
2 Steering cattle on ship is indiscreet (8)
3 Last of competitors where player comes in (5)
4 To animate, take a breath (7)
5 Gates to toss hat in a storm (7)
6 Kelly, perhaps, in Tower Vale complex (5-4)
7 Showing happy deployment of arms (6)
8 Short risk, that is — coined money (6)
14 Easy berth here? (9)
16 44 changed in frills and things (4-4)
17 Copper ring in store for keyed pipe (4-4)
19 Dreadful disease makes one half crazed outside pit (7)
20 Creeped? That's not right—go ahead! (7)
21 Drunker's sound comes from this Roman vessel (6)
22 Brat said "no" angrily (6)
25 Drunk in song (5)

Solution to Puzzle No. 5,481



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	23 8	25 1		—
Blue Chip	18 2	19 2		—
Fixed Yield	17.8	18 8		—
Guaranteed Mny	15 4	16.3		—
Managed	17 0	17.9		—
International	22.1	23 3		—
Property	14 7	15 5		—
Pacific	16 4	17 3		—
Equity	13 5	14 3		—
Special Sits	19.0	20 1		—
Int Currency	13.2	13 9		—
Index Linked Secs	10 4	11 0		—
American	16.5	17 4		—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13 49	14.17		—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0207

Multi Gwth July 6	£2.69143			—
Multi Gwth 'A' July 9	248.0	261.1		—
Op 5 Prop Aug 2	255.0	268.5	+1.9	—
Op 5 Equity Aug 2	295 5	311.1	+2 0	—
Op 5 Hy Aug 2	250.0	263 2	−0 6	—
Op 5 Man Aug 2	298.8	314.6	+3 4	—
Op 5 Dep Aug 2	194.7	205.0	+0 1	12 10
Op 0 Int Bond Aug 2	163.2	171.8	+7.7	—
Op 0 Inc Dist Aug 2	131 1	138.0	+1.3	8.90
Op 5 Int Man Aug 2	172.3	181.4	+6 0	—
Op 5 US$ Aug 2	140 9	148 4	+3.5	12.12
Pens 5 Pr Ac July 31	319.0	335.8		—
Pens 5 Eq Ac July 31	784 6	825.9		—
Pens 5 FI Ac July 31	356 5	375.3		—
Pens 5 Man Ac July 31	504.4	531.0		—
Pens 5 Dp Acc July 31	304.4	320.5		—
Pens5Gart Gwth July 15	891.0	938.0		—
Pens 5 Gart HA July 15	974.0	1026 0		—
Pens5Gart Fxg July 15	862.0	908.0		—

For Pensions Capital Units please ring extension 519.

Britannia Funds—Series A

Am Smaller Co's Aug 1	117.7	123.9		—
Am Spec Sits Aug 1	118.5	145.8		—
Commodity Aug 1	69.2	72.9		—
Extra Inc Aug 1	109.8	115.6		—

National Provident Institution
48, Gracechurch St, EC3P 3HH 01-623 4200

Managed	170 4	179 4	+2 3	—
UK Equity	177 4	186 8	+3 6	—
Overseas Eq	166 6	175 4	+3 9	—
American	170 4	179 4	+1.2	—
Far East	154 6	162 9	+1 1	—
Property	100 7	115.5	+0 1	—
Fixed Int.	147 0	155 0	+0 9	—
Indexed Gilt	93 8	98.8	+0 1	—
Deposit	110.6	116 6	+0 1	—

Pension Fund Prices

Man Initial	166 9	175 7	+7 1	—
Man Acc.	187 9	197 6	+7 9	—
UK Eq Initial	164 6	173 3	+2 5	—
UK Eq.	170 1	182 3	+2 8	—
Overseas Eq Initial	185.9	195 7	+3.2	—
Overseas Eq.	211.8	221 9	+3 6	—
Americas Initial	181.1	191 3	+3 7	—
American	193.7	203 6	+4.0	—
Far East Initial	198.0	208 4	+4.0	—
Far East	215.1	226 7	+4 3	—
Prop. Initial	104 9	110 5		—
Prop.	111.9	118 9	+0 1	—
Fixed Int Initial	130.4	133 3	+0.9	—
Fixed Int.	141.1	148 6	+0 9	—
Indexed Gilt Initial	89 0	93 7	+0.1	—
Indexed Gilt	96.6	101.[illegible]	+0 1	—
Deposit Initial	109 4	115.[illegible]		—
Deposit	110 7	125.[illegible]	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	451.5	463.1		—

Prices Aug 1. Next dealing August 8.

New Zealand Sth. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	313 1	322 8		—
UK Equity	139.5	146.8	+0.6	—
American	229.0	241.0	+1.4	—
Pacific	320 6	337 5	+0 6	—
Property	149.4	157.2		—
Gilt	169.6	178.6	+1.2	—
High Inc. Equity	132.3	139.3	+0.6	—
High Inc. Fxd. Int.	97.3	102.5	+1.2	—
Deposit	146.2	153 9		—
Index-Linked Gilt	91.9	102.7	+0.1	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES

[illegible]

COMMODITIES AND AGRICULTURE

Strong rise in silver values

By John Edwards

SILVER prices were marked up strong in London yesterday, reflecting a strong advance in the New York market overnight. The London bullion spot price was raised by 22.95p to 561.75p an ounce at the morning fixing. Values moved further ahead in the afternoon with the spot price closing at 568p.

Dealers said the main reason for the sudden rise was a technical reaction in New York, when a big speculative seller was forced to cover a large "short" position. Earlier this week, silver values in London fell to the lowest level since October 1982.

The rally yesterday was encouraged by the firmer trend in gold, the weaker dollar and news that Asarco, the U.S. producer, had temporarily closed most of its operations at the Silver Bell mine in Arizona.

The rise in silver and gold brought a generally firmer trend in the base metals on the London Metal Exchange.

Nickel reached the highest level for five years. The three months quotation gained £49.5 to £3,747.5 a tonne on renewed speculative buying interest.

Three months lead rose by £6.25 to £372.75 a tonne on rumours of producer buying, but zinc lost ground following news that Noranda was making some progress in talks with workers at its Valleyfield plant on the renewal of labour contracts that expired on July 31.

Reuter reported from Manila that Lepanto Consolidated Mining said it will suspend copper mining for five months from September 1 because its smelting contract with Asarco has been suspended. Lepanto said Asarco suspended the contract after it declared force majeure and said it will end copper smelting at its plant in north-west U.S. before June 30 next year.

Supply fears push up cocoa price

BY RICHARD MOONEY

CONCERN OVER the tight supply situation continued to dominate trading on the London cocoa futures market yesterday pushing the premium for prompt delivery even higher.

The market opened lower, reflecting the weaker overnight tone in New York but fresh trade buying and covering order against earlier sales quickly reversed the trend.

West German physical buying interest was a further bullish factor, dealers said.

The prompt September position ended that day £50.50 up at £1,793 a tonne while December cocoa, the second position, gained only £2.50 to £1,643 a tonne. At one point, the December quotation reached £1,802 a tonne.

A similar pattern was apparent on the London coffee futures market, with the prompt September position ending £19.50 up at £2,253 a tonne but November gaining only £2.50 to £2,273 a tonne.

The November position reached a high of £2,283 a tonne earlier in the day but slipped back on lack of follow-through buying and light trade selling, dealers said.

Firmer sterling was a further restraining influence.

Dealers attributed the earlier rise to light follow-through buying encouraged by Wednesday's 3m bags (60 kilos each) cut in International Coffee Organisation export quotas, which had been triggered by recent price falls.

Bullish chart patterns were an additional upward influence, they added.

India aims to boost agriculture output

NEW DELHI—The Agriculture Ministry said India is targeted to produce more foodgrains, sugarcane, cotton and jute in the 1984-85 crop years by bringing in more areas under high-yielding seeds and improving farm inputs.

It said that foodgrain production should rise to 153.6m tonnes in the year ending in June, against last year's 150.6m and 1982-83's drought-hit 128m.

It broke down projected grain production in million tonnes with 1983-84 figures in brackets, as: Rice 61.5 (59.4), wheat 44.7 (45.1), pulses 13 (12.63), coarse cereals including millets 33.5 (33.1). It did not say why production of coarse cereals is expected to drop.

The ministry statement said sugarcane production is to rise to 180/185m tonnes in the year ending September (170m), cotton 8.8/8.8m 170-kg bales in the year ending August (6.7m), jute 8.5m 180-kg bales (7.5m) in the year ending June.

It said the Government proposes to use high-yielding foodgrain seeds for 56m hectares (53m). Official agencies will supply 770m kilos of seeds (370m), 8.4m tonnes of fertilisers (7.8m) and 75,000 tonnes of pesticides (65,800).

The statement said village co-operative banks aim to lend 33bn rupees (29bn) to farmers.

The ministry also said it has approved a Rs 380m development project to raise the country's oilseed output to 13m tonnes in 1984-85 starting November from an expected 12.5m in 1983-84.

An official report said the project, starting on November 1, will involve intensifying cultivation of several crops, including groundnuts, rapeseed, soyabeans, sunflower, sesame, sunflower, safflower and niger, over 11.05m hectares in 17 states.

Reuter

Asian recovery may increase rice demand

BY NANCY DUNNE IN WASHINGTON

THE economic recovery in South Asia, while still fragile, will do little to boost the world's surplus wheat trade, but demand for rice may be higher than last year, according to the U.S. Department of Agriculture (USDA).

After staging strong recoveries in 1983-84, most of the South Asian economies are likely to achieve more moderate growth this year, the department said in an outlook and situation report. Stronger than usual gains are forecast in the region's non-farm sector, driven by stronger domestic and foreign demand.

USDA predicts a continued easing of power, transport and raw material bottlenecks and, in some countries, more liberal policies towards imports of industrial raw materials.

Balance-of-payment pressures are easing with stable petroleum costs helping to slow the growth of import bills.

Efforts directed at expanding exports, substituting for imports and limiting the need for foreign borrowing will remain priorities within the region.

Good weather, improved input supplies and stronger producer price incentives, contributed to record harvests of rice, wheat and coarse grains in 1983-84, when cereal production rose 17 per cent.

Wheat imports fell as India reduced its purchases, and as of July this year, all countries in the region carried record wheat stocks. With an average 1984 monsoon, South Asia's wheat imports are expected to drop below last year's.

Although rice imports more than doubled last year, stocks are still low. Rice imports may be higher than in 1983-84 as both India and Bangladesh buy more for stockbuilding.

The region's imports of edible oils are forecast at nearly a record in 1984, despite record oilseed production in India and strong world vegetable oil prices.

Damage to Pakistan's cottonseed crop and strong domestic demand in both India and Pakistan have buoyed imports.

Tight world supplies of palm oil have boosted the share of soyabean oil in 1984 purchases. Again presuming an average monsoon this year, edible oil imports are projected to rise in 1985, as more moderate gains in Indian oil production offset a likely recovery in Pakistan's production.

Cotton production is expected to rebound this year after dropping nearly 18 per cent in 1983-1984 when poor weather and pests severely damaged crops. Supplies will remain tight, and exports for the region will likely stay below the 1.6m bale average of the last few years.

Diversifying away from EEC dependency

Farmer's viewpoint: By John Cherrington

THE 1984 Review of Agriculture says public spending on UK farming altogether will amount to £1.688bn, of which £1.082bn is recoverable from the EEC. This expenditure covers price support, capital grants and every other form of farming assistance.

This, in the Government's present mood, is a most worrying figure, because all the money returned from the Community and more, was contributed to it from this country by means of levies and VAT payments.

Three-quarters of the total is devoted to market support—that is, to deal with surpluses by intervention buying and storage or by subsidised export.

No plans for extra funds

Because of the refusal of the UK Government to countenance any extra funds before 1986 when the new contribution is due the Community could run out of cash to pay these sums by October. The whole shaky basis of the Common Agricultural Policy could crumble into chaos.

The British stance is obviously based on Mrs Thatcher's insistance that the CAP must be reformed, and although it is quite possible that there may be some compromise over the immediate bankruptcy threat, there is no doubt that the whole basis of farm support is threatened.

With this in mind, I have been looking at my own farming to see if I could diversify into crops or livestock which would not be so dependent on happenings in Brussels or Strasbourg for survival.

The prospects are not encouraging. Everyone knows about milk quotas, but what is not sufficiently realised is that this was only the first bite at the problem. To balance the Community's milk account, output would have to be cut a great deal further, so there is no way of diversification there.

Next to milk, cereals have been gobbling up most of the cash for support. Some farmers comfort themselves that because of the strength of the U.S. dollar, in which world grain trade is conducted, the cost of the cereal regime is dropping.

The export subsidies are about half what they were at this time last year, partly because of dollar strength but also because of the payment-in-kind programme and drought in the U.S. last year. Relief from pressure in this area could be only temporary. Record cereal crops are expected worldwide.

Mr Jopling, backed by the NFU, favours what he calls price restraint for cereals rather than quotas or any means of rationing production. This can only mean more output as farmers seek to reduce their unit costs by increasing production.

I could turn my land to grass and keep more sheep. But the sheep regime is costing £165m or £12 per head for every sheep slaughtered—about a third of the total return. This looks dreadfully vulnerable to me, particularly when compared with beef on a tonnage basis, at £276 per tonne for sheepmeat against £14 per tonne for beef.

I have never found enough prospect of profit in beef to take it up and the EEC's beef mountain is now climbing steadily.

Other arable crops are limited. potatoes and sugar beet by quota. grass seeds and vegetables by market demand. There is a promising line in what are called protein crops—peas and beans and possibly lupins. Regrettably, though, they would be vulnerable to arbitrary EEC policy changes, and unlikely to be grown without the present subsidy.

Oilseed rape is becoming popular as a break crop to cereals, but it too is aided by a subsidy to crushers. In 1983, this amounted to £138 per tonne against a market price of £310 per tonne.

Bear in mind, too, that most of these products are protected by levies or high threshold prices against imports, without which the direct visible cost of price maintenance would have been much bigger.

It's an irony that under the system the farming sectors which have to stand on their own feet are pigs and poultry and in which any overproduction is punished by market forces aggravated by high feed prices consequent on CAP support for cereals.

Months of punishment

There is no room for more production there. Those of us in pigs could not have stood many more months of the sort of punishment we took last year.

Faced with this depressing prospect—for it is miserable to have my business at the mercy of petulant politicians quarrelling over the survival of the CAP—I can do no more than soldier on, keeping as liquid as I can in preparation for the day when the prop of the CAP is knocked from under me.

Australian wheat export record

SYDNEY — Australia continues to export wheat at a record pace, the Australian Wheat Board said yesterday. Nearly 1.4m metric tons was shipped in July.

The Wheat Board said it has predicted exports of 16.5m tons for the crop year ending November 30, more than double the previous year's level.

For the eight months ended July, Australia shipped 10.5m tons of wheat, worth an estimated A$1.7bn, up from the previous record 9.9m tons for the same eight-month period in 1979 to 1980.

The EEC Commission authorised the export of 490,500 tonnes soft wheat for export at yesterday's tender at a maximum rebate of 15.99 European Currency Units, traders said.

It also granted licences for 447,500 tonnes of barley at a maximum rebate of Ecu 25.49 per tonne.

PRICE CHANGES

in tonnes unless stated otherwise	Aug. 3 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1100
Free Mkt	$1175/1250	......	$1220/1250
Copper			
Cash h Grade	£1008	+6	£992.75
3 mths	£1027.75	+5	£1012.75
Cash Cathode	£1013	+5.5	£995.5
3 mths	£1027.5	+5.5	£1,011.75
Gold troy oz.	$343.75	+3.5	$364.5
Lead Cash	£373.25	+3.25	£381
3 mths	£373.75	+6.25	£375.25
Nickel	£5202	......	£6087
Free Mkt	208-228c	......	217/237c
Palladium oz.	$134.00	+3.25	$141.25
Platinum oz.	$337.00	+6.5	$359.00
Quick Silver†	$295-305	......	$300-306
Silver troy oz.	561.75p	+22.9	589.85p
3 mths.	577.75p	+22.4	603.80p
Tin cash	£9525	+5	£9420
3 mths	£9431.5	—13.6	£9362.5
Tungsten	$26.17	......	$86.23
Wolfram 22.04lb	$76/80	......	$83/28
Zinc	£647.5	—1.5	£631.6
3 mths	£651.5	—0.75	£640.25
Producers	$880	......	$1040

	Aug. 2 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1380y	—20	$1380
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$560z		$620
Seeds			
Copra Phil	$760z	+10	$770
Soyabean (U.S.)	$260	+3	$288.5
Grains			
Barley Fut. Nov.	£109.60	+0.30	£107.25
Maize	£148.60	......	£103.75
Wheat Fut. Nov.	£109.90	+0.30	£106.00
No2 Hard Wint.	‡	......	‡
Other commodities			
Cocoa ship't*	£1845	+53	£1823
Futures Dec.	£1643	+2.0	£1757
Coffee Ft. Nov.	£2278	+2.0	£2284
Cotton A Index	76.20c	+0.1	81.20c
Gas Oil Sept.	$229.75	+5.25	$238.6
Rubber (kilo)	67p	......	60.5p
Sugar (raw)	£99yz	—1	£95.5
Wooltops 64s	466p kilo	......	469p kilo

‡ Unquoted. z Sept. v Sept-Oct. u Aug-Sept. y July-Aug. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

A strong New York prompted an opening $3-4 higher and, supported by physicals, the gas oil market moved quickly upwards until heavy trade selling encouraged profit-taking and it dropped equally quickly to the lows. By midday the market was in mid-range but it moved steadily up to make new highs on the close as New York firmed, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.15-27.30	+0.12
Dubai Fateh	26.70-26.85	+0.12
Arab Heavy	26.35-26.45	+0.00
North Sea (Forties)	26.70-26.80	-0.53
North Sea (Brent)	26.90-27.00	+0.40
African (Bonny L'ht)	27.30	+0.05

PRODUCTS—North West Europe ($ per tonne)

Premium gasoline	260-267	+1.5
Gas Oil	228-229	+7.5
Heavy fuel oil	174-177	—0.05

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Aug.	226.50	+4.50	226.75-23.00
Sept.	228.75	+6.25	230.00-25.00
Oct.	233.70	+5.75	233.75-28.00
Nov.	237.00	+0.50	256.00-32.00
Dec.	239.75	+5.50	239.00-36.00
Jan	240.00	+4.50	240.00-37.00
Feb	237.00	+8.00	—
March	233.50	+9.50	—
April	231.00	+12.0	—

Turnover: 3,872 (3,847) lots of 100 tonnes.

GOLD MARKETS

Gold rose $3¾ from Wednesday's close in the London bullion market yesterday to finish at $343¾-344. It opened at $344¼-345¼ and traded between a high of $345¾-346¼ and a low of $342-342¾. The morning fix was at $343.15 and the afternoon fix at $344.

In Paris the 12½-kilo gold bar was fixed at FFr 98,500 per kilo ($344.31 per ounce) in the afternoon, compared with FFr 98,400 ($343.01) in the morning and FFr 97,300 ($338.34) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 32,150 per kilo ($343.99 per ounce), against DM 31,790 ($339) and closed at $344-344½, compared with $340-340½.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $344¼ per ounce, compared with $337.

In Zurich gold closed at $344-344½ an ounce.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Aug	344.80-44.50	—	346.60-43.70
Oct.	350.30-50.80	—	352.30-49.80
Dec	356.90-57.20	+4.35	358.50-55.00
Feb.	363.50-64.00	—	—
April	370.70-71.00	—	—
June	378.40-78.50	—	—

Turnover: 511 (203) lots of 100 troy ounces.

	Aug. 2		Aug. 1	
Gold Bullion (fine ounce)				
Close	$343¾-344	(£261½-262)	$340-340½	(£260¾-261¼)
Opening	$344¼-345½	(£263¼-263¾)	$337½-339	(£259½-260)
Morning fixing	$343.15	(£263.407)	$337.35	(£259.340)
Afternoon fixing	$344	(£261.895)	$339	(£260.469)

Gold and Platinum Coins Aug. 1					
Krugrnd	$352½-353¼	(£268¾-269½)	King Sov	$82-83½	(£62½-63½)
½ Krug.	$182-182¾	(£138¾-139¼)	Victoria Sov	$82-83½	(£62½-63½)
¼ Krug.	$93-93½	(£71-71½)	French 20s	$65½-67	(£50-51)
1/10 Krug.	$38-38¾	(£29-29½)	50 Pesos Mex	$438-431	(£320½-329½)
Mapleleaf	$352¼-353	(£268¾-269¼)	100 Cor Aust	$334-338	(£254¼-257¾)
New Sov.	$80¼-81½	(£61½-62¼)	$20 Eagles	$572-577	(£436¼-440)
½ New Sov.	$49½-49¾	(£37-37½)	Noble (Plat.)	$346½-350½	(£264-267)

EUROPEAN MARKETS

ROTTERDAM, August 2

Wheat — (U.S. $ per tonne): U.S. Two Soft Red Winter Sept 154, Oct 156, Nov 161.50; U.S. Two Northern Spring 14 per cent protein Aug 179, Sept 175, Oct 176, Nov 179, Nov 15-Dec 15 180.50; U.S. Northern Spring 15 per cent protein Sept 180, Oct 181, Nov 184, Nov 15-Dec 15 195.50; U.S. Three Hard Amber Durum Sept 186, Oct 186.50, Nov 190, mid-Nov-mid-Dec 193, April-May 198; Canadian One Western Amber Durum Aug 198, Sept 195, Oct-Nov 198, Nov-Dec 201.

Maize—(U.S. $ per tonne): U.S. Three Yellow, Aug 149, Sept 144.50, Oct-Dec 134.50, Jan-March 139 sellers; Argentine Plate afloat 161, Aug 157, Sept 161 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Aug 254, Sept 242, Oct 244, Nov 244, Dec 246.25, Jan 250.75, Feb 255.50, March 259, April 262, May 266 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 162, Oct 180, Oct-Dec 181, Nov-March 185 sellers: Pellets Brazil afloat 173.50, July 175, Aug 175, Sept 179, Oct 187, Oct-Dec 192 sellers: Pellets Argentine afloat 168, July 169, Aug 169, Sept 172, Oct 176, Oct-Dec 122.50 sellers.

PARIS, August 2

Sugar—(FFr per tonne): Oct 1315/1317, Dec 1355/1362, Mar 1455/1465, May 1495-1510, Aug 1560/1590, Oct 1615/1635.

Cocoa—(FFr per 100 kg): Sept 2061/2070, Dec 1919/1925, Mar 1912/1930, May 1910 bid, July 1015 bid, Sept 1019 bid, Dec 1922 bid.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were little changed on the London Metal Exchange, with buying interest sustained by the rise in sterling against the dollar. COPPER edged up to £1,028, sustained by the rise in precious metals, but eased to close the late kerb at £1,025, while LEAD was finally £369, with speculative support being offset by trade selling. Persistent talk of imminent U.S. price cuts depressed ZINC to £649 but substantial support from one quarter boosted NICKEL to £3,760 prior to a close of £3,737.5. Forward standard TIN was finally £9,442.5 and ALUMINIUM closed at £898.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1005-.5	+4.5	1007.5-8.5	+6
3 months	1025-6	+4.2	1027.5-8	+5
Settlem't	1005.5	+4.5	—	......
Cathodes				
Cash	1011-3	+5.5	1012-4	+5.5
3 months	1025-7	+4	1027-8	+5.5
Settlem't	1013	+6	—	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,006, 5.5, three months £1,026.5, 26, 25.5. Kerb: Higher Grade: Three months £1,025. Afternoon: Higher Grade: Three months £1,027.5, 28, 27.5. Kerb: Higher Grade: Three months £1,027, 26.5, 26, 25.5, 25, 24.5. Turnover: 32,200 tonnes. U.S. Producers: 62.00-67.00 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9545-50	+12.5	9520-30	—
3 months	9476-7	—1	9450-70	—5
Settlem't	9550	+10	—	......
Standard				
Cash	9545-50	+12.5	9520-30	+5
3 months	9445-50	—6.5	9430-50	—13.6
Settlem't	9550	+10	—	......
Straits E.	$22.15	......	—	......

Tin—Morning: Standard: Cash £9,550, three months £9,450, 55, 50. High Grade: Three months £9,475, 76. Kerb: Three months £9,445, 50. Afternoon: Standard: Three months £9,440, 45, 35. Kerb: Standard: Three months £9,430, 40. Turnover: 1,485 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	372.5-1	—2.25	373-.5	+3.25
3 months	372.25-.5	+6.87	372.5-3	—6.25
Settlem't	370	—2	—	......

Lead—Morning: Cash £373.5, 73, three months £374, 73, 72, 72.6. Kerb: Three months £372, 73, 72.5, 72, 71, 72. Afternoon: Three months £373, 72.5, 73. Kerb: Three months £373, 71, 72, 71.5, 71, 70, 69, 68, 69. Turnover: 10,725 tonnes. U.S. Spot: 28.00-34.00 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	648-9	+4.25	647-8	—1.5
3 months	653-.5	+8	651-2	—.75
Settlem't	649	+4.5	—	......

Zinc—Morning: Three months £655, 55.5, 56, 55, 53. Kerb: Three months £653. Afternoon: Three months £652. Kerb: Three months £652, 51, 50, 49. Turnover: 9,475 tonnes. U.S. Prime Western: 50.50-50.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	979-80	+6	976.5-7.5	+2
3 months	904-.5	+5.5	901.5-2	+1.5

Aluminium—Morning: Three months £904, 4.5, 5, 4.5, 4, 4.5. Kerb: Three months £904.5. Afternoon: Three months £905, 6, 5.5, 5, 2, 2.5, 2. Kerb: Three months £901, 900, 899, 98.5. Turnover: 19,275 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3630-5	+18	3660-70	+57.5
3 months	3720-5	+23.5	3745-60	+48.5

Nickel—Morning: Cash £3,630, 35, three months £3,700, 5, 10, 10, 15, 20. Kerb: Three months £3,720, 17, 15, 17, 20, 25. Afternoon: Three months £3,720, 25, 30, 40, 60, 50, 45, 50. Kerb: Three months £3,740, 42, 40, 25. Turnover: 2,532 tonnes.

SILVER

Silver was fixed 22.95p an ounce higher for spot delivery in the London bullion market at 561.75p. U.S. cents equivalents of the fixing levels were: spot 734.5c, up 33c; three-month 754.9c, up 33.6c; six-month 777.7c, up 34.4c; and 12-month 823c, up 36.9c. The metal opened at 563-566p (737-740c) and closed at 566½-569½p (744-747c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	561.75p	+22.9	568p	+22
3 months	577.75p	+23.4	584p	+21.7
6 months	594.60p	+23.7	—	......
12 months	625.35p	+25.8	—	......

LME (2,000 oz contract): Cash 568p (546p); three months 581p (562.25p). Turnover: 0 (2).

Turnover 112 (54) lots of 10,000 ozs. Morning: Large 1st ring three months 579; 2nd ring three months 578.5, 78, 77.5, 77. Kerb: large three months 577, 77.5. Afternoon: large 1st ring three months 585, 85.5; 2nd ring three months 583. Kerb: three months large 581.

COCOA

The nearby September position gained £50, increasing the differential with the remaining trading positions. Although producers and consumers were again withdrawn physicals were notable for the steadiness of spot and nearby prices, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1791-95	+50.5	1802-30
Dec	1642-44	+2.5	1658-35
March	1633-35	+6.0	1642-20
May	1644-48	+7.0	1650-39
July	1056-57	+2.0	1657-50
Sept	1068-73	+12.0	1070-60
Dec	1078-80	+7.0	1680-75

Sales: 5,361 (4,997) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound): Daily prices for August 2: 95.22 (94.59): five-day average for August 3: 95.87 (96.86).

COFFEE

During a quiet morning cross trades of almost 1,000 lots inflated the turnover while values remained in a narrow range, reports Drexel Burnham Lambert. Activity increased in the afternoon and, despite a lower New York market, prices maintained a steady trend in good volume.

COFFEE	Yesterday's Close	+ or —	Business Done
Sept	2207-69	+19.5	2268-45
Nov	2273-77	+2.5	2285-67
January	2225-27	+1.5	2234-20
March	2057-59	—7.0	2073-56
May	2030-36	—7.0	2049-32
July	2013-15	+3.0	2020-12
Sept	1095-07	—1.5	—

Sales: 4,634 (2,403) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for August 1: Comp. daily 1979 138.50 (137.88): 15-day average 139.80 (139.99).

GRAINS

The markets rose by up to 50p on follow-through shipper buying but met reasonable country hedge selling to consolidate around 30p up, reports Muirpace.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd'ys close	+ or —
Sept.	106.60	+0.45	106.35	+0.45
Nov.	109.90	+0.30	109.50	—0.50
Jan	113.45	+0.30	112.75	+0.40
Mar	116.50	+0.35	115.70	+0.40
May	119.75	+0.35	118.20	+0.25
July	122.80	+0.25	—	—

HGCA—Locational ex-farm spot prices: Feed Barley: S. East 101.00, S. West 101.00, W. Mids 101.00, N. East 98.00. The UK monetary coefficient for the week beginning Monday August 6 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged at 1.00.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Sept 144.75, Oct 145.50, Nov 148 transhipment East Coast: English feed fob Sept 100, Oct 111.50 sellers East Coast. Maize: U.S. No. 3 Yellow/French Aug 148.50 seller transhipment East Coast. Barley: English feed fob Aug 100.50 Scotland. Rest unquoted.

Business done—Wheat: Sept 106.70-6.35, Nov 110.00-9.70, Jan 113.60-3.45, March 116.00-6.30, May 119.90-9.55, July 122.95-2.80. Sales: 327 lots of 100 tonnes. Barley: Sept 106.40-6.00, Nov 109.65-9.50, Jan 112.90-2.00, March 115.70-5.55, May 118.25-8.20. Sales: 279 lots of 100 tonnes.

PIGMEAT

The market opened nervously ahead of the noon expiry of the August contract. Liquidation pressure built up during the morning, and August prices fell sharply in the final stages. Other positions drifted slightly in sympathy, but fresh buying pushed values to the highs by the close. August tenders reportedly totalled 4, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Aug	112.0	115.70	115.80-112.0
Oct	119.2	119.70	119.80-118.9
Nov	121.4	121.20	121.40-120.9
Feb	117.7	117.40	—
April	117.9	117.70	—
June	116.9	116.70	—

Sales: 185 (156) lots of 50 carcases 3,250 kilos.

POTATOES

The market was easier during the morning due to overnight rain and forecasts of unsettled weather. Light profit-taking mid-morning and afternoon lifted values slightly, but values still closed weak, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	78.90	80.00	79.00-77.00
Feb	89.00	90.30	—
April	106.00	109.40	107.5-104.9
May	112.20	115.40	115.0-110.5
Nov	78.00	77.50	78.00

RUBBER

Sales: 989 (970) lots of 40 tonnes.

PHYSICALS — The London market opened about unchanged, attracted little interest throughout the day and closed quiet and easier, reports Lewis and Peat. Closing prices (buyers): spot 67.00p (same): Sept 74.00p (74.75p): Oct 75.50p (76.25p). The Kuala Lumpur August fob prices for RSS No. 1 was 206.0 (208.0) cents a kg and for SMR 203.5 (204.5).

FUTURES—Close (in order: buyer, seller, business). RSS No 1 £ per tonne. Sept 675, 690, 680; Oct 690, 700, nil; Nov 703, 705, nil; Dec 710, 725, nil; Jan 726, 735, 735; Feb 732, 745, nil; March 740, 755, nil; April 752, 765, nil; May 760, 775, nil; 1984 Oct/Dec 702, 710, 705-703; 1985 Jan/March 737, 742, nil; 1985 April/June 755, 778, nil. Sales: 11 (10) lots of 5 tonnes, 11 (4) lots of 15 tonnes.

SOYABEAN MEAL

The market opened unchanged to 50p higher, reports T. G. Roddick. A brisk two-way trade between shipper and commercial sources produced an active market trading in heavy volume as prices rose steadily.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
August	128.00-32.00	+1.25	—
October	135.50-36.00	+2.75	136.00-35.50
Dec	142.00-43.00	+1.75	142.60-41.00
Feb	148.00-48.50	+0.85	148.00-47.50
Apr	148.50-50.00	+1.05	—
June	147.50-48.50	+0.25	—
August	149.50-51.50	—0.50	—

Sales: 642 (37) lots of 100 tonnes, 62 (45) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £8.00 ($115.00), down £1.00 (down 50c).

Brazil denied Wednesday's report of selling to China saying no further sales to any country had been made and the market fell to fresh life-of-contract low points, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	125.00-25.40	125.80-25.60	126.00-22.00
Dec	153.00-53.20	153.00-55.80	154.00-28.00
Mar	149.85-49.60	151.00-51.20	151.80-48.80
May	156.60-57.00	158.40-58.60	158.00-56.00
Aug	165.80-66.00	166.40-67.00	166.40-65.00
Oct	172.60-73.60	174.00-75.00	175.00-74.60
Dec	179.00-82.00	180.00-85.00	179.00

Sales: No 6 3,451 (3,354) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £200.000 (£199.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices to August 1: Daily price 4.28 (4.27); 15-day average 4.42 (4.45).

COTTON

LIVERPOOL — No spot or shipment sales were recorded. Business was at minimal levels. Few contracts were mentioned and the volume of interest in forward account was severely restricted. Minor purchases were sought in specialist growths.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg). Aug 490 buyer only, 495-494; Oct 515, 516, 516; Dec 514, 515, 517-515; Jan 515, 517, 517-516; March 523, 524, 524-523; May 529, 530, 530-528; Aug 539, 541, 540; Oct 540, 542, 541; Dec 540, 542, 541; Jan 541, 542, 542-541. Sales: 54.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg). Oct 562.5, 564.0, 562.5-562.0; Dec 568.5, 569.0, 569.0-568.5; March 577.0, 586.0, untraded; May 587.0, 598.0, u/t; July 592.0, 600.0, u/t; Oct 585.0, 600.0, u/t; Dec 587.0, 605.0, u/t; March 587.0, 610.0, u/t. Sales: 11.

HIDES

HIDES—Manchester (Leeds). Second clears. Ox: 31-35.5 kg 116.5p a kg (116.5p): 26-30.5 kg 126.0p a kg (127.0): 22-25.5 kg 126.1p a kg withdrawn (128.9p withdrawn). Cows: 25.5 kg 137.3p a kg (139.0p).

INDICES

FINANCIAL TIMES

Aug. 1	July 31	M'th ago	Year ago
289.67	289.86	289.05	288.08

(Base: July 1 1952=100)

REUTERS

Aug. 2	Aug. 1	M'th ago	Year ago
1893.0	1970.1	1296.8	1948.4

(Base: September 18 1931 = 100)

MOODY'S

Aug. 1	July 31	M'th ago	Year ago
1007.4	1007.3	1038.2	1090.5

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Aug. 1	July 31	Month ago	Year ago
Spot	n/a	127.40	134.50	144.77
Fut	120.06	124.10	133.12	150.18

(Base: December 31 1974 = 100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.30p per kg lw (−0.35). GB—Sheep 144.02p per kg est dcw (−22.20). GB—Pigs 83.56p per kg lw (−4.56). GB—AAPP 105.96p per kg dw (+0.70).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 76.0 to 82.0; English forequarters 48.0 to 53.0. Veal—Dutch hinds and ends 121.0 to 125.0. Lamb—English small 68.0 to 72.0, medium 64.0 to 70.0, heavy 63.0 to 25.0; Imported: New Zealand PL 67.0 to 67.5, PX 60.0 to 60.5, YL 63.0 to 64.0. Pork—English under 100lb 46.6 to 57.8, 100-120lb 52.0 to 56.0, 120-160lb 46.0 to 54.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package unless otherwise stated. English Produce: Apples—Per pound, Bramley new crop 0.30-0.32, Grenadier 0.21-0.22, Howgate 0.26-0.27. Gooseberries—Per pound 0.16-0.17. Cherries—Per pound 0.65-0.80. Strawberries—½-lb 0.40-0.60. Raspberries—½-lb 0.12-0.22. Blueberries—½-lb punnet 0.80-0.90. Loganberries—½-lb 0.15-0.12. Blackcurrants—½-lb punnets 0.18-0.20. Potatoes—Per bag 56-lb 3.00-3.80. Mushrooms—Per pound, open 0.60-0.75, closed 0.80-0.90. Lettuce—Per tray round 1.00-1.20, Cos dozen 1.40-1.50, Webb's 1.20, Iceberg 12s 4.00, 15s 3.00. Carrots—28-lb new crop 1.40-2.00. Greens—Primo 1.40-1.50. Tomatoes—Tray 12-lb 3.20-3.50. Sugar Peas—1.20-1.50. Cucumbers—Tray 1.60-2.00. Cauliflowers—Dozen, Lincs 3.00-3.40. Spring Onions—Bunch 0.12-0.13. Radishes—Bunched 0.12-0.14. Celery—3.00-3.50. Watercress—Ice pack 20s 3.40-3.50. Salad—Crisps 15s 1.00-1.10. Courgettes—Per pound 0.15-0.20. Stick Beans—Per pound 0.50-0.60. Ground Beans—Per pound 0.25-0.28. Peas—Per pound 0.12-0.16. Beetroot—Bags 28-lb 2.00-2.50. Onions—55-lb bag 6.00-7.00. Calabrese—Per pound 0.60-0.70. Capsicums—Per pound 0.35-0.40. Marrows—Dozen 1.50-1.80. Corn—Isle of Wight, each 0.12-0.24.

Imported produce: Minneolas—Outspan 9.00-8.50. Oranges—Spania: Valencia Lates 9.00-9.50; Uruguayan: Navel Lates 10.50-11.00; Moroccan: Lare 9.50; Brazilian: Peras/Lares 10.50; Outspan: 10.50-11.00. Tangerines—Brazilian: Honey 6.00-6.50, Murcote 9.00-6.50.

AMERICAN MARKETS

NEW YORK, August 2.

Heating oil was sharply higher on strong crude oil prices which responded to a private advisory news letter indicating a prospective cutback in the daily oil production of 2m barrels by the end of August, reports Heinold Commodities. Copper prices rallied strongly on positive fundamentals and heavy arbitrage buying. Aluminium prices found good support from commission house buying after several days of lethargic trading and rallied sharply on the close in sympathy with other markets. The cotton market was very strong, reflecting the traders' ideas on soyabean strength. Dealer buying and pricing provided late support for cocoa, enabling the market to close moderately higher. Coffee prices were steady to slightly higher on light roaster buying. Soyabeans were very strong on reports of dry conditions and on lower than expected oil stocks: after a strong opening the market rallied steadily until the close when light profit-taking pared the gains. Grains were steady to strong on heavy speculative buying while commercial interests were mixed. Precious metals opened weak but rallied on the strength in currencies.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Aug	52.50	—	—	52.00
Sept	52.00	53.20	52.40	52.55
Oct	53.60	—	—	53.15
Dec	54.95	55.00	54.55	54.40
Jan	55.55	—	—	55.00
March	56.75	—	—	56.20
May	57.95	—	—	57.40
July	59.15	—	—	58.60
Sept	60.35	—	—	59.80
Dec	62.15	—	—	61.60

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Sept	1987	2012	1980	1963
Dec	2001	2030	1995	1976
March	2020	2036	2005	1991
May	2023	2035	2030	2010
July	2065	2069	2050	2035
Sept	2075	—	—	2060
Dec	2125	2125	2125	2090

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	140.12	40.75	39.61	40.01
Dec	137.20	37.59	36.70	37.05
March	135.35	35.70	35.00	35.30
May	134.01	34.30	33.75	34.00
July	132.63	33.00	32.50	33.00
Sept	130.76	31.80	31.80	31.55
Dec	130.13	—	—	[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	57.50	57.70	57.70	56.95
Sept	58.10	58.50	57.50	57.40
Oct	58.70	—	—	58.00
Dec	58.90	60.25	58.30	59.20
Jan	60.50	—	—	59.80
March	61.70	62.10	61.20	61.00
May	62.95	63.00	62.60	62.30
July	64.25	64.10	63.90	63.50
Sept	65.50	65.10	65.10	64.90
Dec	67.40	67.90	67.10	66.80

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	66.88	67.35	66.65	66.48
Dec	67.64	67.90	67.40	67.25
March	68.47	69.60	69.00	65.83
May	70.25	70.30	70.30	69.50
Oct	70.80	—	—	70.55

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Sept	29.01	29.46	28.18	28.13
Oct	28.24	29.38	29.43	28.38
Nov	29.46	29.56	25.64	28.56
Dec	29.50	28.70	28.76	29.70
Jan	29.40	29.67	29.72	29.67
Feb	29.00	28.30	28.70	28.45
March	28.00	28.75	28.76	28.35
April	28.76	28.75	29.75	28.40
May	28.70	28.70	28.70	28.40
June	28.50	28.90	28.45	28.40

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
August	344.5	348.0	342.0	345.7
Sept	346.0	—	—	347.8
Oct	350.3	354.6	347.5	351.2
Dec	357.1	361.0	354.0	358.0
Feb	364.1	367.8	362.0	365.0
April	371.2	373.0	368.8	372.1
June	378.9	382.0	382.0	379.7
August	386.0	388.5	386.5	387.4
Oct	394.0	—	—	395.3
Dec	402.6	401.3	401.2	403.1
Feb	411.0	—	—	411.7
April	419.7	—	—	420.3
June	428.2	—	—	428.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Sept	78.80	77.40	75.00	74.56
Oct	77.95	75.35	76.00	75.46
Nov	78.85	79.20	77.05	76.53
Dec	78.60	80.45	88.15	77.64
Jan	78.75	80.68	79.25	78.30
Feb	78.00	79.00	78.80	77.90
March	77.25	—	—	78.17
April	76.50	—	—	76.11
May	75.40	75.40	75.40	74.85
June	—	—	—	72.50

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	169.80	69.70	68.40	69.30
Nov	167.50	67.50	66.75	67.10
Jan	166.30	66.70	66.30	66.50
March	166.90	67.10	67.00	67.30
Sept	166.75	66.50	66.50	67.10
Nov	166.75	66.50	66.50	67.10
Jan	66.75	—	—	67.10

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	335.2	—	—	342.2
Oct	338.2	359.0	334.0	346.2
Jan	348.5	354.0	348.0	355.3
April	357.1	362.0	358.0	363.8
July	365.8	370.0	370.0	372.4
Oct	374.6	375.0	378.0	381.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
August	746.0	—	—	743.6
Sept	752.0	775.0	742.0	750.0
Oct	759.8	—	—	757.4
Dec	774.3	796.0	763.0	771.8
Jan	782.0	—	—	779.4
March	797.8	818.0	790.0	794.8
May	813.6	834.0	809.0	810.8
July	830.1	842.0	822.0	827.3
Sept	847.8	863.0	835.0	845.0
Dec	875.0	887.5	863.0	872.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.25	4.43	4.24	4.41
Oct	4.41	4.57	4.36	4.53
Jan	4.93	5.16	4.90	5.06
March	5.62	5.88	5.50	5.67
May	5.86	5.99	5.82	5.27
July	6.16	6.28	6.12	6.29
Sept	6.40	6.48	6.40	6.51
Oct	6.66	6.72	6.58	6.70
Jan	7.11	—	—	7.15

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
August	64.77	64.82	64.40	64.50
Oct	62.52	62.57	62.20	62.40
Dec	63.32	63.45	63.07	63.27
Feb	63.75	62.80	63.50	63.65
April	64.50	64.70	64.45	64.40
June	65.52	65.52	65.40	65.40

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
August	56.82	56.82	56.25	54.63
Feb	67.05	67.05	64.70	65.05
March	66.40	66.50	63.60	64.50
May	67.80	67.80	65.40	65.80
July	69.17	69.17	66.85	67.20
August	67.50	67.50	66.20	66.60

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
August	634.4	639.0	623.0	617.0
Sept	635.4	641.0	624.0	618.4
Nov	633.0	639.0	623.0	617.0
Jan	646.0	652.4	636.4	628.2
March	660.4	667.0	651.0	644.0
May	672.0	677.0	661.0	654.0
July	676.0	682.0	667.4	659.4
August	674.0	676.0	670.0	657.4
Sept	659.0	—	—	648.0
Nov	656.0	660.0	652.0	645.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
August	158.3	158.7	164.5	153.5
Sept	160.9	167.5	167.0	156.2
Oct	162.9	163.5	158.5	157.6
Dec	166.9	168.0	162.6	161.8
Jan	169.3	170.5	166.0	164.2
March	172.7	174.0	170.6	167.1
May	175.5	177.0	174.0	171.0
July	179.0	179.0	177.0	173.0
August	178.0	—	—	—
Sept	178.0	—	—	—

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
August	27.72	27.95	27.05	26.85
Sept	26.88	27.04	26.25	26.10
Oct	25.92	26.08	25.30	25.08
Dec	25.38	25.60	24.90	24.82
Jan	25.37	25.42	24.90	24.60
March	25.43	25.46	25.05	24.85
May	25.57	—	—	24.93
July	25.60	25.60	25.60	25.00
August	25.50	—	—	25.00

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Sept	354.0	355.0	353.0	351.4
Dec	373.2	374.4	372.2	370.6
March	384.2	385.2	383.4	381.4
May	386.2	388.0	385.6	383.2
July	371.8	372.9	371.4	369.0
Sept	376.4	—	—	374.0

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Sept	298.0	299.0	294.6	293.2
Dec	285.2	286.2	282.6	281.0
March	296.0	296.2	291.0	290.0
May	300.0	300.2	297.0	295.2
July	303.2	303.4	300.4	299.2
Sept	297.0	297.0	294.0	293.0
Dec	287.4	287.4	287.0	286.0

SPOT PRICES—Chicago loose lard 27.00 (same) cents per pound. New York tin 571.0-90.0 (560.0-75.0) cents per pound. Handy and Harman silver bullion 739.0 (709.0) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Profit taking hits dollar

The dollar weakened on the foreign exchanges yesterday, despite early expectations in Europe that New York traders might push the currency higher again. The fall in the Federal funds rate was largely technical after make-up day for the banks on Wednesday, but still prompted further selling of the dollar. Trading was fairly thin however, awaiting publication of the latest U.S. money supply figures. The most recent estimates had suggested a possible fall in M1.

Profit taking continued for most of the day following Wednesday's figures on U.S. construction spending and factory orders, pointing towards a possible slow down in U.S. economic growth. But the market was generally nervous of another sudden advance by the dollar in the near future.

The dollar fell to DM 2.8965 from DM 2.9145 against the D-mark; FFr 8.8750 from FFr 8.9375 against the French franc; SwFr 2.45 from SwFr 2.4620 in terms of the Swiss franc; and Y245.25 from Y245.40 against the Japanese yen.

On Bank of England figures the dollar's trade-weighted index fell to 137.4 from 137.9.

STERLING—Trading range against the dollar in 1984 is 1.4905 to 1.3020. July average 1.3210. Trade-weighted index 78.7, compared with 78.5 at noon and the opening, 78.2 at the previous close, and 82.0 six months ago.

Sterling rose against the dollar, and showed mixed changes against other major currencies yesterday. It gained 90 points to $1.3105-1.3115, after touching a peak of $1.3140. The pound also improved to SwFr 3.21 from SwFr 3.2050, and to Y321 from Y319.50, but was unchanged at DM 3.7950, and fell to FFr 11.63 from FFr 11.64.

D-MARK — Trading range against the dollar in 1984 is 2.9145 to 2.5535. July average 2.8473. Trade-weighted index 123.6 against 124.5 six months ago.

There was no sign of intervention by the Bundesbank on the open market as the D-mark gained ground against the dollar yesterday morning. At the fixing the central bank sold $13.65m, compared with $13.25m Wednesday, and the dollar fell to DM 2.9070 from DM 2.9168. The U.S. currency improved from its opening level of DM 2.9030 however and from the previous New York close of DM 2.8965. Profit taking followed recent statistics indicating a slow down in the fast pace of U.S. economic growth, but the upward trend in Europe yesterday morning led to suggestions that the dollar would soon continue its advance.

JAPANESE YEN—Trading range against the dollar in 1984 is 246.90 to 233.10. July average 242.88. Trade-weighted index 153.5 against 156.7 six months ago.

The yen improved against the dollar in active Tokyo trading. The dollar fell to Y244.30 from Y245.90. It also opened at Y244.30 and in early trading rose to a peak of £244.65, but then slid down to a low of Y243.85. Profit taking by foreign and domestic banks was reported to be behind the decline of the U.S. currency. The D-mark also lost ground to the yen, falling to Y84.18 from Y84.31, but finishing little changed from the previous New York close of Y841.7. Lower spot oil prices on the world market have tended to support the yen recently, because of Japan's heavy dependence on imported raw materials.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.2832	+0.85	+0.80	±1.5447
Danish Krone ...	8.14104	8.18748	+0.57	+5.52	±1.6425
German D-Mark	2.24184	2.24017	−0.07	−0.12	±1.0642
French Franc ...	6.87456	6.87/63	+6.02	−6.03	±1.4052
Dutch Guilder ...	2.52595	2.53102	+6.20	+0.15	±1.4964
Irish Punt	0.72569	0.727585	+0.26	+0.21	±1.6699
Italian Lira	1403.49	1376.09	−1.95	−1.95	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

THE POUND SPOT AND FORWARD

Aug 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3055-1.3140	1.3105-1.3110	0.08-0.06c pm	0.64	0.11-0.07pm	5.27
Canada	1.7115-1.7150	1.7120-1.7130	0.04-0.11c dis	−0.53	0.26-0.36dis	−5.75
Nethlnd	76.65-77.05	76.65-76.75	2¼-1⅞c pm	5.78	6¼-5⅞pm	5.66
Belgium	76.65-77.05	76.65-76.75	8-3c pm	5.86	20-12pm	0.88
Denmark	13.83¾-13.91½	13.83¾-13.84¾	2.05-1.10ore pm	1.36	4.20-3.10pm	1.05
Ireland	1.2305-1.2380	1.2330-1.2340	.03p pm-.08 dis	−6.29	0.32-0.51dis	−1.34
W. Ger	3.78¾-3.81½	3.79-3.80	2¼-2pf pm	5.72	6¼-5¾pm	0.26

THE DOLLAR SPOT AND FORWARD

Aug 2	Day's spread	Close
UK†	1.3055-1.3140	1.3105-1.3115
Ireland†	1.0586-1.0655	1.0635-1.0645
Canad	1.3035-1.3070	1.3060-1.3070
Nethlnd	3.2665-3.2850	3.2665-3.2685
Belgium	58.43-58.75	58.43-58.48
Denmark	10.56-15.62¼	16.56-10.58½
W. Ger	2.8870-2.9090	2.8950-2.8970
Portugal	150-151½	150¼-151½

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs.

OTHER CURRENCIES

* Selling rate.

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Asian $ (closing rates in Singapore): Short-term 11⅛-11¾ per cent; seven days 11⁷⁄₁₆-11⁹⁄₁₆ per cent; one month 11½-11⅝ per cent; ... six months 12⅞-12⅞ per cent; one year 12⅝-12⅞ per cent. Long-term Eurodollars: two years 13⅛-13⅝ per cent; three years 13⅛-13½ per cent; four years 13⅞-14 per cent; five years 13⅞-14⅛ per cent nominal closing rate. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Remaining firm

Prices remained firm on the London International Financial Futures Exchange yesterday as bonds strengthened in New York and the dollar declined on the foreign exchanges. U.S. bonds were firmer on the day on Wednesday, but finished on a downward trend and this led to a weak opening of Eurodollar deposits for September delivery. The contract opened at 88.30, compared with 88.33 at the previous close, and after touching a high of 88.36 closed at 88.30, with any upward momentum restricted by the continued high level of the Federal funds rate in New York.

September Treasury bonds opened lower at 64-24, in line with the previous Chicago close. Traders also suggested there was some disappointment at the latest funding package from the U.S. Treasury, although other markets seemed quite happy with the programme of auctions.

The firm opening by the bond market yesterday, and the steady decline of the dollar tended to underpin the futures market however, and the September contract climbed to a peak of 65-12, before closing at 65-09, compared with 65-02 on Wednesday.

Gilts were firm throughout, helped by the steady performance of sterling, and the strength of U.S. bonds. Traders also reported a considerable amount of institutional money waiting to invest in the market, and prices were also pushed higher by the lack of any new tap stock from the Government broker in the cash market. September gilts opened at 100-07, and after touching 101-13, finished at 101-09, against the previous settlement of 100-00.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	88.30	88.36	88.28	88.33
Dec	87.89	87.95	87.87	87.89
March	87.55	87.61	87.53	87.51
June	87.28	87.33	87.28	87.22
Sept	87.09	—	—	87.02

Est. volume 3,700 (4,179)
Previous day's open int. 13,429 (13,279)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

20-YEAR 12% NOTIONAL GILT

STERLING £25,000 $ per £

DEUTSCHE MARKS DM 125,000 $ per DM

SWISS FRANCS SwFr 125,000 $ per SwFr

JAPANESE YEN Y12.5m $ per Y100

FT-SE 100 INDEX

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	65-09	65-13	65-00	64-27
Dec	64-22	64-26	64-14	64-07
March	64-07	64-10	63-29	63-24
June	63-25	63-30	63-21	63-12
Sept	63-17	63-13	63-15	63-02
Dec	63-08	63-11	63-06	62-26
March	—	—	—	62-19
June	62-29	62-29	62-27	62-13

U.S. TREASURY BILLS (IMM)
$1m points of 100%

CERT. DEPOSIT (IMM)
$1m points of 100%

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

STERLING (IMM) $ per £

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	65-23	65-28	65-17	65-14
March	64-26	—	—	64-16
June	—	—	—	63-24
Sept	—	—	—	63-08
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	62-05

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	65-09	65-12	64-24	65-02
Dec	64-22	64-22	64-11	64-17
March	64-05	—	—	64-00

Est. volume 1,120 (959)
Previous day's open int. 1,105 (1,282)

APPOINTMENTS

Fairey makes changes

FAIREY HOLDINGS, engineering sector of Pearson, has appointed Mr James Sheerin as chief executive of Elequip and its associated companies. Mr A. M. Gardner continues as managing director. Mr E. M. Briscoe is to assume immediate responsibility for the development of Fairey's future interests in advanced industrial ceramics. He will relinquish his existing appointments but remain a non-executive director of both Doulton Industrial Products, Doulton Aerospace Inc. and Doulton Insulators. He will remain also a member of the Fairey Group technical advisory committee. Doulton Industrial Products was formed by Mr Briscoe in 1966 and gained a Queen's Award for Technology for its development of specialised ceramics essential to the manufacture of gas turbine blades and vanes, and is a world leader in this field. Mr Michael Dodson has been appointed managing director designate of Doulton Insulators and Doulton Industrial Products. This appointment also carries with it responsibility for Hopyard Foundries and Doulton Aerospace Inc. He was managing director of GEC company Pump Maintenance.

*

Mr Mike Williams has been appointed chairman of Proplant, R. and L. Plant, and Atlas (CTI), plant hire and manufacturing companies within the CONSOLIDATED TERN INVESTMENTS group. Mr Williams, who has served on the board for some years, is appointed following the resignation of Mr Roger Wisenden, who will retain his chairmanship of the holding company. Mr Peter Lawson has been appointed company secretary to Proplant, and Atlas (CTI), and Mr John Stannard has been appointed company secretary of R. and L. (Plant).

*

GENERAL ACCIDENT has made the following appointments from September 1: Mr Jim Boxall, assistant general manager (information services), and Mr Rex Parker, assistant general manager (operations) Australian branch, both become deputy general managers (UK); Mr Ken Noble, currently a deputy manager (UK), becomes an assistant general manager (UK) and Mr Charles Bennett, currently a deputy manager (UK), becomes assistant general manager (overseas).

*

Mr Mike Laycock has been appointed managing director of TAYLOR WOODROW CONSTRUCTION (NORTHERN), Darlington. He succeeds Mr Ken Sales, who is retiring. Mr Laycock was appointed a director of Taylor Woodrow Construction (Northern) in 1975, and for the past four years has been manager of its nuclear power contracts office.

*

NISSAN MOTOR MANUFACTURING (UK) has appointed Mr Peter Wickens as director of personnel for its UK car plant. He is director of personnel for the southern region of the British Gas Corporation.

*

Mr Bob Swannack has resigned from the board of INBUCON MANAGEMENT CONSULTANTS but will retain responsibility for Inbucon Selection Services

*

Mr Jacques G. Maisonrouge has been elected to the board of N. M. ROTHSCHILD AND SONS as a non-executive director from October 1.

*

Mr Johnny Mengers has been appointed chairman of SIMPSON (PICCADILLY). He is chairman and managing director of the parent company, S. Simpson, and chairman of all other subsidiary companies.

*

DAVIES AND ROBSON, Croydon, has promoted Mr Timothy Knowles to the board to head a new high street distribution database service.

*

Mr D. Keith Thompson and Mr Joseph Sharpe have been appointed chief executive and executive director—sales respectively of Manchester-based BRAND PACKAGING, part of the Smurfit print and packaging division. He was sales manager of 4P Packaging (UK).

*

Mr R. A. G. Neville and Mr Peter Qualle have been appointed deputy chief general managers of SUN ALLIANCE INSURANCE GROUP from October 1. Mr K. G. Addison, deputy chief general manager, retires on September 30.

*

Mr Michael Morris, a general manager of Barclays Bank and a director of Barclays Bank UK, has been appointed a director of MERCANTILE CREDIT COMPANY, finance house subsidiary of Barclays Bank, from September 1. He succeeds Mr Andrew Buxton. Mr John Emms, a deputy chairman of Commercial Union Assurance Company and a director of Barclays Bank UK, has been appointed a non-executive director of Mercantile Credit Co. from September 1.

*

Lord Pennock of Norton has been appointed president of the UNITED KINGDOM SOUTH AFRICA TRADE ASSOCIATION in succession to Lord Erroll of Hale.

*

Mr R. T. Dursley Stott has been appointed a director of the ISLE OF MAN STEAM PACKING COMPANY. Filling the vacancy caused by the death of Mr Brian Holt, he will represent the Manx Government on the board. He is the senior partner in the Douglas Isle of Man based stockbrokers R. L. Stott and Co., and has had wide experience in commerce and tourism as chairman of several local companies.

MONEY MARKETS

London rates continue to ease

The easier trend in London money market interest rates continued yesterday as sterling held steady on the foreign exchanges. Three-month interbank declined to 12$\frac{3}{16}$ per cent from 12$\frac{5}{16}$ per cent, and discount houses buying rates for three-month bank bills to 11⅞ per cent from 11$\frac{31}{32}$ per cent.

A money market shortage of £350m was initially forecast by the Bank of England, but this was changed to £400m at noon and then back to £350m in the afternoon.

Bills maturing in official bands, repayment of late assistance, and a take-up of Treasury bills drained £232m, with Exchequer transactions absorbing £120m, and a rise in the note circulation another £20m. These outweighed above target bank balances of £35m.

Total assistance provided by the authorities was £278m. Before lunch the Bank of England bought £141m bills, including £32m outright by way of £10m bank bills in band 2 (15-33 days maturity) at 11⅞ per cent, and £22m bank bills in band 3 (34-63 days) at 11⅞ per cent. The other £109m bills were purchased for resale to the market on August 30, at a rate of 11⅞ per cent.

In the afternoon £32m bills were purchased outright by way of £8m bank bills in band 1 (up to 14 days) at 12 per cent; £3m bank bills in band 2 at 11⅞ per cent; £8m Treasury bills in band 3 and £12m bank bills in band 3 at 11⅞ per cent: and £1m bank bills in band 4 (64-91 days) at 11⅞ per cent.

Late assistance of around £105m was also provided.

In Frankfurt call money was steady at 5.55 per cent, but credit conditions were described as tight following a shortfall of DM 900m in liquidity as an expiring securities repurchase agreement of DM 8.2bn was replaced by a similar agreement of only DM 7.3bn. Lombard borrowing by the commercial banks remained fairly high at DM 5bn on Wednesday, compared with DM 6.9bn on Tuesday. The nervous, tight conditions also reflected fears of intervention by the Bundesbank to support the D-mark against the dollar. This has a detrimental effect on domestic liquidity.

UK clearing banks' base lending rate 12 per cent (since July 12-13)

MONEY RATES

Aug. 8	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	11¼	3¼-4¼	0¾-5⅞	6.21875	10¼-16⅝	11.95	12⅛-15⅛
One month	5.80-5.85	11$\frac{1}{16}$-11$\frac{3}{16}$	4$\frac{1}{16}$-4$\frac{1}{16}$	0⅛-5¼	6.21875	10¼-16⅝	11⅜-11⅝	12⅝-15⅞
Two months	5.85-6.00	11⅝-11¾	—	—	—	—	—	13⅛-13⅝
Three months	6.00-6.15	11$\frac{11}{16}$-11$\frac{13}{16}$	4$\frac{1}{16}$-4$\frac{1}{16}$	0⅜-6½	0.34375	16½-18⅞	11⅝-11⅝	13½-13¾
Six months	6.30-6.40	11$\frac{13}{16}$-12$\frac{1}{16}$	—	0¾-5⅞	—	—	11½-11¾	15⅞-14⅛
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¼	—	5½	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. August 2)

3 months U.S. dollars	
bid 11 11/16	offer 11 13/16

6 months U.S. dollars	
bid 12 1/16	offer 12 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12¾-12½	—	12$\frac{1}{16}$	11.35-11.45	9¾-10	9$\frac{7}{16}$-9½
Two months	12⅝-12½	—	12¼	11.45-11.55	9⅞-10⅜	9$\frac{7}{16}$-9⅝
Three months	12½-12¼	—	12¼	11.55-11.65	9$\frac{15}{16}$-10$\frac{1}{16}$	9½-9$\frac{11}{16}$
Six months	11⅞-11⅞	—	12$\frac{5}{16}$	11.85-12.05	10$\frac{1}{16}$-10$\frac{3}{16}$	10$\frac{1}{16}$-10¼
Nine months	12¼-11⅞	—	12$\frac{7}{16}$	12.25-12.35	—	—
One year	12¼-11⅞	—	12$\frac{7}{16}$	12.5-11.7	10¾-11	10⅜-10$\frac{5}{8}$
Two years	—	12¼	—	—	—	—
Three years	—	12⅜	—	—	—	—
Four years	—	12½	—	—	—	—
Five years	—	12½	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period June 6 to July 3 1984 (inclusive): 9.498 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from August 1 1984. London and Scottish Clearing Bank Rates for lending 12 per cent. London Deposit Rate for sums at seven days' notice 2¼-0 per cent. Treasury Bills: Average tender rates of discount 11.3560 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 12¼ per cent: one-three months 12¼ per cent; three-six months 12¼ per cent; six-nine months 12¼ per cent; nine-12 months 12¼ per cent. Under £100,000 11¾ per cent from July 23. Deposits held under Series 4-5 12¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate
Broker loan rate
Fed funds
Fed funds at intervention

Treasury Bills

One month
Two month
Three month
Six month
One year

Treasury Bonds

Two year
Three year
Four year
Five year
Seven year
10 year
30 year

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 1, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of July 25 at 11.00 a.m.
3 months: 12 6 months: 12$\frac{7}{16}$

ECU=$US.781404 SDR1=$US1.01670
Sibor as of July 25 at 11.00 a.m.
3 months: 12 6 months: 12⅜

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (D)	50.50
Albania	Lek	7.6662
Algeria	Dinar	5.612
Andorra	Fr. Franc	8.945
	Sp. Peseta	164.75
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (d)	61.287
Australia	Dollar	1.8589
Austria	Schilling	85.475
Azores	Port. Escudo	151.75
...		
Greenland	Dan. Krona	10.056

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.945
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	83.1578
Guinea Rep	Syli	24.4101
Guyana	Dollar	3.75
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00
Hong Kong	Dollar	7.8588
...		
Papua N.G.	Kina	0.8240

COUNTRY	CURRENCY	VALUE OF DOLLAR
Paraguay	Guarani (o,c)	240.00
	Guarani (d)	410.50
Peru	Sol (o)	3566.01
Philippines	Peso (5)	18.065
Pitcairn Is	N.Z. Dollar	2.0251
Poland	Zloty (D)	113.04
Portugal	Escudo	151.75
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
...		
Zimbabwe	Dollar	1.3230

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Mali Rep. has rejoined U.M.O.A. and effective June 1. CFA franc is official currency. (3) Mali Rp.: Mali franc remains legal tender for three months from June 1. (4) Saudi Arabia: Riyal revalued from 3.52 to 3.51, June 6. (5) Philippines: Currency allowed to float, June 6. (6) Uganda: June 14, two-tier system abolished. (7) Tanzania: June 14, Official devaluation of 25.9 per cent. (8) New Zealand: Official devaluation of 20 per cent, July 18. (9) Botswana: Approx. 5 per cent devaluation effective July 9. For further information please contact your local branch of the Bank of America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 2.

U.S. DOLLAR STRAIGHTS

[illegible]

OTHER STRAIGHTS

[illegible]

FLOATING RATE NOTES

[illegible]

DEUTSCHE MARK STRAIGHTS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

YEN STRAIGHTS

[illegible]

CONVERTIBLE BONDS

[illegible]

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CAPITAL MARKETS

EUROBONDS

Weekly rate fixing enhances floaters

BY PETER MONTAGNAN, EUROMARKETS CORRESPONDENT, IN LONDON

MANUFACTURERS Hanover launched a $150m subordinated floating rate note in the Euromarkets yesterday. Like the recent issue for Citicorp the conditions provide for a weekly interest rate fixing.

Interest oo the 12-year bond will be fixed at the mean of the bid and offered rates for six-month Eurodollar deposits in London. This is about ⅛ point below the more conventional London interbank offered rate.

But it will be changed each week, allowing investors to fund the paper with cheaper one-week money. This will increase their interest spread without them running the risk of being caught short if interest rates rise.

Credit Suisse First Boston, which is leading the deal alongside Deutsche Bank, Manufacturers Hanover itself and Merrill Lynch, calculates that since 1975 the average difference betweeo one week and six-month deposit rates has beeo 82 basis points.

This seems to make the deal look generous, but the differeotial is rather narrower at the moment and some iovestors nowadays require extra compensation for buying subordioated bank paper.

The Manufacturers deal was the ooly oew issue in the Eurodollar sector yesterday, despite a further strengthening of secondary market prices for fixed rate issues. Prices firmed by about ¼ point with few dealers daring to go short even though retail interest is still rather limited.

The Euromarket has become an expensive ooe for borrowers compared with New York and yesterday saw a $100m Yankee issue for Finland. Salomoo Brothers, First Boston, Goldman Sachs and Merrill Lynch are leading this issue, which bears a 13⅛ per cent coupon over 10 years with an issue price of 99⅝. Texaco was due to launch a $500m domestic issue last night, which was again expected to appeal to overseas investors.

D-Mark and Swiss Franc issues firmed by about ¼ point yesterday on the back of a weaker dollar. The World Bank launched a SwFr 250m two-tranche private placement, comprising a three-year SwFr 100m 5⅛ per cent portion and a five-year SwFr 150m 6 per cent tranche. Both tranches are priced at par and led by Credit Suisse.

EHF Bank bond average

August 2		Previous
98.762		98.725
High	1984	Low
100.009		98.056

WEEKLY U.S. BOND YIELDS (%)

	Aug 1	July 25	1984 High	1984 Low
Composite Corp. AA	13.10	13.60	14.23	12.19
Government:				
Long-term	12.65	12.87	13.89	11.51
Intermediate	12.64	12.87	13.79	11.33
Short-term	12.39	12.58	13.22	10.70
Municipal	10.28	10.57	11.14	9.48
Industrials AAA	12.56	12.93	13.66	11.79
Industrials AA	13.03	13.49	14.13	12.02
Utilities AA	13.34	13.71	14.45	12.33
Preferred Stocks	12.08	12.13	12.17	11.07

Source: Standard & Poor's

OVER-THE-COUNTER

Continued from Page 24

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